

The seal of the Commonwealth of Kentucky is a circular emblem. It features a blue outer ring with thirteen white stars. Inside this ring is a yellow triangle pointing downwards. The triangle contains the text "BUDGET OF THE COMMONWEALTH" at the top, "1996 - 1998" in the center, and the official seal of the Commonwealth of Kentucky at the bottom. The official seal depicts a woman holding a torch and a scroll, with the words "COMMONWEALTH OF KENTUCKY" and "1792" around her.

# BUDGET OF THE COMMONWEALTH

1996 - 1998

## BUDGET IN BRIEF

Commonwealth of Kentucky

Paul E. Patton, Governor

## PREFACE

The Budget of the Commonwealth for the 1996-98 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 1996 General Assembly. It is published by the Governor's Office for Policy and Management pursuant to KRS Chapter 48 and House Bill 379.

The 1996-98 budget is presented in five volumes:

- Volume I: state agency/program budget detail.
- Volume II: capital projects and technology initiatives overview.
- Budget in Brief: summary data about the budget and the enacted appropriations bills for the three branches of government.
- EMPOWER Kentucky: a plan to revitalize government by delivering service and results at affordable costs.
- Appendix: statutory budget memorandum as provided by the Legislative Research Commission.

These documents provide the detail to support the budget in legislative form as presented in the budget bill.

# ACKNOWLEDGMENTS

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April 19, 1996

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Gentlemen:

The General Fund Estimates for Fiscal Years 1997 and 1998 have been revised to reflect the changes made by legislation enacted by the 1996 General Assembly. The revised General Fund estimates are:

<u>Fiscal Year</u>	<u>General Fund</u>
1997	\$5,475,343,215
1998	\$5,713,023,541

The net effects of the changes to the General Fund are to decrease revenues by \$2,675,000 in Fiscal Year 1997 and to decrease revenues by \$13,375,000 in Fiscal Year 1998. No revisions were necessary for the Road Fund.

Attached is a summary of the legislative changes with a brief description of the bill and the anticipated impact on revenues. A more detailed table showing the individual accounts is also attached.

Sincerely,

John P. McCarty  
Secretary

Attachments

## ISSUES AFFECTING REVENUE ESTIMATES

The following bills affecting General Fund receipts have passed the 1996 Regular Session of the Kentucky General Assembly and have been signed by the Governor or otherwise have become law.

### GENERAL FUND

BILL	DESCRIPTION	FY97	FY98
House Bill 321	Allows the industrial supplies exemption to intermediate processors.	(\$1,500,000)	(\$1,500,000)
House Bill 379	Reduces the property tax rate on non-commercial aircraft to \$0.015 per \$100 of assessed value.	(675,000)	
	(675,000)		
House Bill 547	Increases the standard deduction to \$1,700 over a four-year period.	(4,200,000)	(13,800,000)
House Bill 654	This bill did not pass but would have allowed corporations not domiciled in Kentucky to file consolidated license tax returns. This amount had been previously removed from the estimate.	4,300,000	4,300,000
Senate Bill 137	Earmarks one-tenth of one cent of the revenue collected from the cigarette excise tax to be used by the Department of Agriculture for enforcement.	(600,000)	(600,000)
Senate Bill 219	Allows a job development assessment fee on KIDA projects.		(1,100,000)
<b>TOTAL</b>		<b>(\$2,675,000)</b>	<b>(\$13,375,000)</b>

## NOTES:

1. House Bill 260 - This bill exempts llamas and alpacas, the various items used to raise llamas and alpacas, and embryos and semen used for raising livestock from the sales and use tax. This bill would have a negative impact on the General Fund but the amount is not determinable.
2. House Bill 322 - This bill repeals the heavy vehicle fuel surtax and redefines a motor carrier as having two or more axles and a declared gross weight of greater than 26,000 pounds. These provisions are to bring Kentucky's law into compliance with the new International Fuel Tax Agreement. The net negative impact on the Road Fund as a result of this bill is approximately \$6 million per year. However, these provisions were taken into account at the time of the original estimate and require no further adjustments.
3. House Bill 397 - This bill eliminates the provider tax on physicians over a four-year period. Although the provider tax is not part of the General Fund, and as such, does not directly affect the estimate, the forgone revenues will have to be replaced with General Fund monies. This bill is projected to cost approximately \$11 million in FY97, \$23 million in FY98, \$36 million in FY99, and \$49 million in fiscal year 2000.
4. House Bill 416 - This bill eliminates the bank shares portion of the intangible property tax and creates a new bank franchise tax to replace it. The anticipated reduction to the property tax is expected to be approximately \$35 million in FY97 and \$36.8 million in FY98 with a corresponding amount to be generated by the new tax.
5. House Bill 599 - This bill changes the filing method for corporations to require separate company or consolidated filings. The impact of this bill on corporate income tax receipts is not determinable.
6. House Bill 815 - This bill allows a 25 percent sales tax credit for the amount of the approved costs of a tourism attraction. The credit is to be taken over ten years and will have a negative, but indeterminable, impact on sales tax receipts beginning with FY98.



General Fund Revenue (Actual and Estimated)  
Prepared April 1996

<u>Account Numbers</u>	<u>Source</u>	<u>Actual 1993-94</u>	<u>Actual 1994-95</u>	<u>Estimate 1995-96</u>	<u>Estimate 1996-97</u>	<u>Estimate 1997-98</u>
<u>Selected Sales and Gross Receipts Taxes</u>						
01-30-105-R000-R101	Sales and Use	\$1,560,085,519	\$1,680,520,815	\$1,773,600,000	\$1,870,900,000	\$1,976,200,000
01-30-105-R000-R103	Cigarette	14,285,746	15,126,270	15,083,916	14,441,681	14,399,565
01-30-105-R000-R104	Distilled Spirits Case Sales	81,396	80,184	79,560	78,940	78,326
01-30-105-R000-R105	Insurance Tax Foreign Companies	38,057,960	33,966,941	33,141,834	36,357,366	37,614,942
01-30-105-R000-R106	Insurance Tax Companies Other Than Life	42,720,970	45,515,163	47,925,540	50,463,565	53,135,997
01-30-105-R000-R107	Insurance Tax Fire Prevention Fund	2,217,822	2,329,258	2,423,617	2,521,799	2,623,957
01-30-105-R000-R109	Pari-Mutuel	6,134,317	7,256,986	6,662,753	6,783,348	6,906,127
01-30-105-R000-R110	Race Track Admission	240,252	292,791	289,728	286,698	283,699
01-30-105-R000-R111	Beer Consumption	5,949,907	6,035,436	6,104,591	6,174,538	6,245,287
01-30-105-R000-R112	Distilled Spirits Consumption	7,944,766	7,879,647	7,850,761	7,821,981	7,793,307
01-30-105-R000-R113	Wine Consumption	1,275,512	1,340,373	1,347,288	1,354,238	1,361,224
01-30-105-R000-R114	Beer Wholesale	26,603,969	27,776,733	29,189,384	30,673,879	32,233,872
01-30-105-R000-R115	Distilled Spirits Wholesale	11,934,353	11,937,768	12,206,523	12,481,329	12,762,322
01-30-105-R000-R116	Wine Wholesale	3,217,329	3,507,353	3,682,364	3,866,108	4,059,020
TOTAL SEL. SALES AND GROSS RECEIPTS TAXES		\$1,720,749,818	\$1,843,565,719	\$1,939,587,860	\$2,044,205,470	\$2,155,697,644
<u>License and Privilege Taxes</u>						
01-30-105-R000-R151	Coal Severance Tax	\$179,844,327	\$179,116,944	\$171,200,000	\$171,100,000	\$170,900,000
01-30-105-R000-R152	Mineral Severance Tax	8,135,282	8,811,130	9,326,197	9,871,373	10,448,418
01-30-105-R000-R153	Natural Gas Severance Tax	8,583,445	5,972,484	6,198,089	6,432,216	6,675,187
01-30-105-R000-R154	Oil Production	2,697,560	2,784,562	2,874,370	2,967,074	3,062,769
01-30-105-R000-R161	Corporation License	82,031,324	97,460,158	102,612,706	108,037,660	113,749,422
01-30-105-R000-R162	Cigarette License	114,755	98,890	91,529	84,716	78,410
01-30-105-R000-R163	Amusement Machine License	51,796	-280	500	500	500
01-30-105-R000-R164	Race Track License	361,221	470,525	477,969	485,531	493,213
01-30-105-R000-R277	Marijuana and Controlled Substance Tax	0	15,988	15,000	15,000	15,000
01-30-105-R000-R394	Bank Franchise Tax	0	0	0	35,000,000	36,750,000
01-31-120-XX00-R161	Corporation Organization	195,402	137,679	153,868	171,960	192,180
01-39-759-XX00-R301	Cir. Ct. Clk. - Driver License Receipts	1,738,081	1,711,213	1,765,771	1,822,068	1,880,160
01-34-600-XX00-R371	Sand and Gravel License	900	750	760	771	781
01-35-630-XX00-R350	Relicensure Fees (Driver's License)	858,240	851,151	831,215	811,747	792,734
01-37-680-XX00-R171	(D. S. & Wine) Distiller License	23,125	27,000	27,310	27,624	27,942
01-37-680-XX00-R172	(D. S. & Wine) Rectifier License	12,750	8,250	7,654	7,102	6,589
01-37-680-XX00-R173	(D. S. & Wine) Wholesaler License	43,500	40,250	39,105	37,992	36,911
01-37-680-XX00-R174	(D. S. & Wine) Retail Drink License	842,200	930,719	949,025	967,692	986,725
01-37-680-XX00-R175	(D. S. & Wine) Retail Package License	279,082	290,833	284,743	278,781	272,943
01-37-680-XX00-R176	(D. S. & Wine) Vintner License	1,500	1,194	1,421	1,691	2,012
01-37-680-XX00-R177	(D. S. & Wine) Transporter License	10,401	12,850	13,311	13,788	14,282

General Fund Revenue (Actual and Estimated)  
Prepared April 1996

<u>Account Numbers</u>	<u>Source</u>	<u>Actual 1993-94</u>	<u>Actual 1994-95</u>	<u>Estimate 1995-96</u>	<u>Estimate 1996-97</u>	<u>Estimate 1997-98</u>
01-37-680-XX00-R178	(D. S. & Wine) Special License	7,525	11,445	11,720	12,002	12,291
01-37-680-XX00-R179	(D. S. & Wine) Railroad System License	4,500	8,950	8,754	8,562	8,374
01-37-680-XX00-R180	Restaurant Wine Licenses	20,494	29,219	30,323	31,470	32,659
01-37-680-XX00-R182	(Beer) Distributor License	12,100	14,117	14,022	13,928	13,834
01-37-680-XX00-R183	(Beer) Retailer License	435,488	466,890	469,980	473,090	476,221
01-37-680-XX00-R184	(Beer) Transporter License	4,725	5,500	5,700	5,908	6,122
01-37-680-XX00-R185	(Beer) Special Transporter License	300	325	295	268	244
01-37-680-XX00-R186	(Beer) Storage License	475	400	386	373	361
01-37-680-XX00-R191	Alcoholic Beverage License Suspension	23,875	46,426	47,175	47,936	48,709
01-37-680-XX00-R192	Convention Center Caterer License	93,526	93,110	94,858	96,638	98,452
	TOTAL LICENSE AND PRIVILEGE TAXES	\$286,427,899	\$299,418,671	\$297,553,757	\$338,825,460	\$347,083,446
	<u>Income Taxes</u>					
01-30-105-R000-R231	Corporation Income Tax	\$269,067,232	\$340,912,408	\$313,100,000	\$303,700,000	\$308,600,000
01-30-105-R000-R241	Individual Income Tax	1,729,182,293	1,964,843,490	2,013,000,000	2,109,900,000	2,207,800,000
	TOTAL INCOME TAX	\$1,998,249,525	\$2,305,755,898	\$2,326,100,000	\$2,413,600,000	\$2,516,400,000
	<u>Property Taxes</u>					
01-30-105-R000-R251	General - Real	\$132,125,477	\$133,200,108	\$142,200,000	\$147,310,000	\$152,801,000
01-30-105-R000-R252	General - Tangible Personal	104,501,822	\$114,122,717	114,100,000	114,925,000	120,275,000
01-30-105-R000-R254	General - Intangible Personal	77,393,521	83,479,482	83,500,000	58,500,000	61,250,000
01-30-105-R000-R255	Bank Deposits	297,359	307,499	310,000	315,000	320,000
01-30-105-R000-R256	Distilled Spirits Ad Valorem	388,833	383,149	390,000	390,000	390,000
01-30-105-R000-R257	Marginal Accounts	923,170	865,538	900,000	900,000	900,000
01-30-105-R000-R258	Omitted Property Tax	7,171,286	10,026,528	12,500,000	12,700,000	12,900,000
01-30-105-R000-R259	Delinquent Tax - Prior Year	5,032,954	7,588,644	6,210,000	6,270,000	6,280,000
01-30-105-R000-R260	Public Service Company	34,817,422	36,190,212	36,750,000	37,000,000	37,250,000
01-30-105-R000-R261	Domestic Life Insurance	2,391,816	3,342,588	3,400,000	3,500,000	3,600,000
01-30-105-R000-R263	Retirement Plans	5,650	3,365	3,000	3,000	3,000
01-30-105-R000-R264	Building & Loan Assoc. Capital Stock	5,150,398	5,814,835	3,800,000	4,800,000	4,200,000
	TOTAL PROPERTY TAXES	\$370,199,709	\$395,324,665	\$404,063,000	\$386,613,000	\$400,169,000
	<u>Inheritance Taxes</u>					
01-30-105-R000-271	Inheritance Tax	\$76,135,351	\$79,511,634	\$75,417,093	\$60,221,538	\$52,428,462
	TOTAL INHERITANCE TAXES	\$76,135,351	\$79,511,634	\$75,417,093	\$60,221,538	\$52,428,462

General Fund Revenue (Actual and Estimated)  
Prepared April 1996

<u>Account Numbers</u>	<u>Source</u>	<u>Actual 1993-94</u>	<u>Actual 1994-95</u>	<u>Estimate 1995-96</u>	<u>Estimate 1996-97</u>	<u>Estimate 1997-98</u>
<u>Departmental Fees, Sales and Rentals</u>						
01-30-105-R000-R852	Public Service Commission Assessments	\$6,352,576	\$7,585,813	\$6,500,000	\$5,934,000	\$7,260,700
01-30-105-R000-R853	Insurance - Retaliatory Taxes & Fees	699,907	608,912	638,045	668,572	700,559
01-31-120-XX00-R386	Sec. of State - Process Agents Fees	2,136,333	1,726,269	1,574,909	1,436,820	1,310,839
01-39-759-XX00-R374	Circuit Court Clk. - Civil Filing Fee Receipts	6,458,288	6,609,584	6,645,255	6,681,118	6,717,175
01-39-759-XX00-R377	Circuit Court Clk. - Bond Filing Fee	485,445	499,902	502,241	504,592	506,953
01-39-759-XX00-R378	Circuit Court Clk. - 10% Bond Fee	386,753	426,664	461,051	498,209	538,363
01-39-759-XX00-R426	Circuit Court Clk. - Receipts for Services	1,800,483	1,916,231	2,081,620	2,261,284	2,456,454
01-34-600-XX00-R361	Strip Mining & Reclamation Fees	1,542,448	37,100	27,643	20,596	15,346
01-34-600-XX00-R701	Strip Mining & Reclamation - Fines Coll.	899,728	572,225	603,504	636,494	671,286
01-39-759-M600-R404	Master Commissioner Sales	17,782	6,528	4,287	2,815	1,848
01-39-758-XX00-R821	Miscellaneous - Sales of Assets, etc.	293,789	1,182,559	300,000	325,000	350,000
	TOTAL DEPARTMENT FEES, SALES AND RENTALS	\$21,073,532	\$21,171,787	\$19,338,555	\$18,969,500	\$20,529,524
<u>Investment Receipts</u>						
01-31-125-IN00-R771	General Depository Investment Income	\$12,518,265	\$18,376,695	\$22,272,000	\$22,263,000	\$23,892,000
01-39-759-XX00-R771	Circuit Court Clk. - Interest Income	715,121	2,773,031	3,328,000	3,362,000	3,608,000
	TOTAL INVESTMENT RECEIPTS	\$13,233,386	\$21,149,726	\$25,600,000	\$25,625,000	\$27,500,000
<u>Miscellaneous Revenue</u>						
01-39-750-KLC0-R501	Lottery Revenue	\$114,000,000	\$136,000,000	\$132,000,000	\$137,000,000	\$142,000,000
01-20-025-XX00-R404	Legal Process - Clk. Supreme Court	144,127	141,802	153,106	165,310	178,487
01-20-025-XX00-R827	Legal Process - Clk. Court of Appeals	12,593	14,177	13,319	12,512	11,754
01-30-105-R000-R281	Dept. of Rev. Legal Process Taxes - Co. Clk.	3,205,759	3,041,396	3,078,442	3,115,939	3,153,894
01-30-105-R000-R283	Judgment Fees for Delinquent Taxes	-74	94	40	45	50
01-30-105-R000-R651	TVA - In Lieu of Taxes - State Portion	4,083,894	4,291,288	4,356,840	4,423,394	4,490,964
01-30-105-R000-R652	F.H.A. - In Lieu of Taxes	22,736	48,597	52,530	56,782	61,378
01-30-105-R000-R653	R.E.C.C. and R.T.C.C. In Lieu of Taxes	370	350	343	335	328
01-30-105-R000-R654	Business Development - In Lieu of Taxes	0	132	221	371	621
01-30-105-R000-R854	Dept. of Rev. Penalty & Int. of Co. Officials	1,177	-1,111	886	707	564
01-31-125-T000-R851	Abandoned Property	2,552,888	7,098,363	5,000,000	5,200,000	5,200,000
01-31-040-XX00-R827	Legal Process - Attorney General's Office	262,586	87,771	126,162	181,345	260,666
01-39-759-XX00-R376	Circuit Court Clk. - Fish & Wildlife Fines	97,172	98,415	107,628	117,703	128,721
01-39-759-XX00-R701	Cir. Ct. Clk. - Criminal/Traffic Fines & Costs	30,147,054	31,869,870	32,085,309	32,302,204	32,520,565
01-39-759-XX00-R711	Circuit Court Clk. - Bond Forfeitures	405,926	454,860	455,729	456,600	457,473

General Fund Revenue (Actual and Estimated)  
Prepared April 1996

<u>Account Numbers</u>	<u>Source</u>	<u>Actual 1993-94</u>	<u>Actual 1994-95</u>	<u>Estimate 1995-96</u>	<u>Estimate 1996-97</u>	<u>Estimate 1997-98</u>
01-34-590-BAD0-R701-01	Fines Water Pollution	475,999	12,550	0	0	0
01-34-590-BBB0-R701-03	NREP - Haz. Material & Waste - Fines & Pen.	862,434	6,000	0	0	0
01-34-590-BC00-R701-02	Fines for Air Pollution Emission	278,097	11,000	0	0	0
01-39-758-XX00-R826	Unclassified Receipts	462,603	1,257,561	500,000	500,000	500,000
01-39-758-XX00-R701	Other Fines & Unhonored Checks	1,770,984	1,504,014	1,500,000	1,500,000	1,500,000
	TOTAL MISCELLANEOUS REVENUE	\$158,786,324	\$185,937,130	\$179,430,554	\$185,033,247	\$190,465,465
01-39-758-XX00-R881	MISC. NOT IN REVENUE ESTIMATES	\$2,222,779	\$2,242,751	\$2,200,000	\$2,250,000	\$2,750,000
	TOTAL GENERAL FUND	\$4,647,078,322	\$5,154,077,980	\$5,269,290,818	\$5,475,343,215	\$5,713,023,541

June 21, 1996

Honorable Members of the General Assembly  
Frankfort, Kentucky 40601

Pursuant to Chapter 43.050(1)(i) of the Kentucky Revised Statutes, we have examined the estimated revenues for Fiscal Years 1997 and 1998 for the General Fund and Road Fund. These estimates were prepared by the consensus forecasting group authorized by Executive Order 93-1145.

Estimated revenues are based on assumptions the group made using various economic indicators and forecasts. The date of the estimates was January 10, 1996. Unanticipated events and circumstances may occur after that date to cause the actual results to vary from the forecasts. These events may cause variations that may be material.

Estimated revenues for the General Fund have been revised by the Finance and Administration Cabinet to reflect subsequent legislative changes enacted by the 1996 Regular Session of the General Assembly. We have examined Secretary McCarty's letter of April 19, 1996 advising of revised estimated revenues necessitated by legislative changes. We have not tested the underlying assumptions used to compute the decrease in the General Fund revenues resulting from these legislative changes. We therefore cannot attest to the accuracy of this amount. However, we have specifically discussed the rationale for the revised estimates with officials of the Finance and Administration Cabinet. With the exception of the revisions resulting from legislation, the Finance and Administration Cabinet is not otherwise revising the estimated revenues prepared by the consensus forecasting group.

We do not express an opinion on the achievability of the estimated revenues. However, our examination of the assumptions and methodology used by the consensus forecasting group and the Finance and Administration Cabinet in arriving at the estimated revenues disclosed no evidence which indicates the estimated revenues are not based on reasonable assumptions or methodology as prescribed by Chapter 48.120 of the Kentucky Revised Statutes.

Respectfully submitted,

Edward B. Hatchett, Jr.

# 1996-98 BUDGET SUMMARY OF THE GENERAL FUND

	<b>FY 1996 Budgeted</b>	<b>FY 1997 Enacted</b>	<b>FY 1998 Enacted</b>
<b>RESOURCES</b>			
Undesignated Beginning Balance	261,007,800	20,629,500	13,540,500
Continued Appropriations Reserve			
Budget Reserve Trust Fund	100,000,000	200,000,000	200,000,000
Other	44,010,400	22,116,500	18,299,600
Total	144,010,400	222,116,500	218,299,600
Revenue Estimate	5,269,290,800	5,475,343,200	5,713,023,500
Fund Transfers	13,125,000	12,875,000	12,975,000
<b>TOTAL RESOURCES</b>	<b>5,687,434,000</b>	<b>5,730,964,200</b>	<b>5,957,838,600</b>
<b>APPROPRIATIONS</b>			
Judicial Budget (HB 377)			
Regular	116,732,400	126,285,400	134,881,300
Capital		860,000	860,000
Total Judicial	116,732,400	127,145,400	135,741,300
Legislative Budget (HB 378)			
Regular	28,952,600	29,653,500	36,543,000
Continued	4,846,300	151,300	223,400
Total Legislative	33,798,900	29,804,800	36,766,400
Executive Budget (HB 379)			
Regular Operating	5,161,892,500	5,336,208,300	5,555,745,400
Regular Capital		2,300,000	1,000,000
Continued	17,047,600	3,665,600	3,667,700
Current Operating	6,648,000		
Current Capital	25,324,200		
HB 2 Capital	6,485,000		
Capital/Technology Plan (Part X)	76,521,400		
Total Executive	5,293,918,700	5,542,173,900	5,560,413,100
Special Bills (HB 544)	238,000		
<b>TOTAL APPROPRIATIONS</b>	<b>5,444,688,000</b>	<b>5,499,124,100</b>	<b>5,732,920,800</b>
<b>BALANCE</b>	<b>242,746,000</b>	<b>231,840,100</b>	<b>224,917,800</b>
<b>DESIGNATED BALANCE</b>			
Continued Appropriations Reserve	22,116,500	18,299,600	14,408,500
Budget Reserve Trust Fund			
Continued	100,000,000	200,000,000	200,000,000
Current	100,000,000		
Total Budget Reserve Trust Fund	200,000,000	200,000,000	200,000,000
<b>TOTAL DESIGNATED BALANCE</b>	<b>222,116,500</b>	<b>218,299,600</b>	<b>214,408,500</b>
<b>UNDESIGNATED BALANCE</b>	<b>20,629,500</b>	<b>13,540,500</b>	<b>10,509,300</b>

## **POLICY OVERVIEW - CAPITAL CONSTRUCTION INVESTMENT AND WORKFORCE EMPOWERMENT**

The Executive Budget as enacted by the General Assembly (Budget of the Commonwealth) for 1996-98 supports the policy goal of achieving a structurally balanced budget, i.e., recurring annual revenue receipts will be matched with recurring appropriations, and authorizes less new state General Fund-supported debt (bonds) than any recent budget. Notably, a critical component of this policy determination is authorization of a far-reaching initiative to assure that Kentucky state government becomes more efficient and effective by investing in business systems, modern technology, and reengineering that will produce long-term savings to the Commonwealth. At the same time, it is recognized that certain capital expenditures are always necessary for life safety purposes, to maintain the state's investment in critical infrastructure, and to promote economic development.

To ensure a structurally balanced budget, the enacted Budget of the Commonwealth authorizes initiatives and projects based on the expenditure of cash, rather than bonds or long-term indebtedness. The business systems and reengineering policy initiatives have been integrated under the heading "EMPOWER KENTUCKY" - for **EMPower Our Workforce with Effective Resources** in Kentucky. The capital projects component (Pool B) also relies on cash-supported funding. Key features of these initiatives are as follows: 1) Approximately \$25,400,000 in critical capital construction expenditures were authorized effective upon passage (April 15, 1996) of the Appropriations Bill (House Bill 379). These projects are financed from existing cash resources as current year appropriations. 2) The remainder of the undesignated fund balance as of April 15, 1996, is distributed to two separate pools on a 50 percent/50 percent basis. Pool A, the EMPOWER Kentucky initiative, will be utilized to implement the program to be developed to identify necessary business systems and technology improvements for state agencies (including constitutional officers) to allow state agencies to become more efficient and effective and to help Kentucky achieve its goal of becoming a high performance state. (A list of illustrative projects and initiatives is included later in this document. However, no projects have been chosen for top priority funding at this time.) The second pool, Pool B, is comprised of a priority ranking of capital construction projects that are critical to our continued investment in higher education, our state parks system, the Kentucky Tech System, economic development, and our juvenile justice system. A listing of these projects, the estimated construction amounts, and the priority ranking is depicted in a separate listing later in this document.

It should be noted that expenditures from Pool A and Pool B will be for essentially non-recurring capital expenditures. These expenditures are appropriated from cash identified in the undesignated fund balance as of April 15, 1996, in the amounts of \$38,260,700, respectively.

A second phase, or tier, of these Pool A and Pool B appropriations is authorized, divided on the same 50/50 percent basis, as contingent appropriations dependent upon the existence of an undesignated fund balance as of June 30, 1996. This next phase of the initiatives is appropriated effective July 1, 1996, and will be computed after the fiscal year 1995-96 closeout is complete. The total amount appropriated to each pool on a contingent basis is \$103,386,000.

### **Critical Capital Construction General Fund Appropriations - Current Year (\$25,400,000)**

#### Higher Education

- Life Safety Projects for those universities (Murray State University, the University of Kentucky, the University of Louisville, Western Kentucky University, and Northern Kentucky University) identified as having the highest priority life safety needs by the Council on Higher Education - \$12,271,000 - General Fund - fiscal year 1995-96.

#### Finance and Administration Cabinet

- Capitol Power Plant Slope Stabilization and Sewer Repair - \$1,000,000 - General Fund - fiscal year 1995-96.
- Federally Mandated Chlorofluorocarbon (CFC) - \$4,000,000 total - \$1,000,000 - General Fund - fiscal year 1995-96 and \$3,000,000 - Capital Construction Surplus Account - fiscal year 1995-96.

- Central State Hospital Recovery Authority - Phase II - \$595,000 - General Fund - fiscal year 1995-96 combined with local match of \$200,000/year from Jefferson County and \$10,000/year from the City of Anchorage.
- Mainframe Printer Lease/Purchase - \$71,200 - General Fund - fiscal year 1995-96.
- Statewide Deferred Maintenance Pool - \$3,550,000 - investment income - fiscal year 1996-97. This pool of maintenance funds is provided for use on a priority basis for all state agencies and universities. Priorities will be selected by the Secretary of the Finance and Administration Cabinet in consultation with the State Budget Director and the Commissioner of the Department for Facilities Management. Eligible projects may include deferred maintenance and government mandates. Funds may not be expended for new project construction.

#### Tourism Development Cabinet

- State Fair Board and Kentucky Horse Park - CFC and HVAC Renovation - \$2,500,000 and \$600,000, respectively - fiscal year 1995-96.

#### Kentucky Educational Television

- Kentucky Telelinking Network (KTLN) Interactive Classrooms and Hub Equipment - Phase II - The KTLN is a partnership between state government, K-12 Education, and Higher Education to provide interactive video capabilities for the purposes of distance learning, video conferencing, and telemedicine applications. A \$1,000,000 fiscal year 1995-96 General Fund appropriation is provided to match \$4,000,000 in federal and local funds.

#### Department of Local Government

- Federal Flood Control Matching Program - continuation and reauthorization - \$5,000,000 - Reauthorizes \$2,500,000 in previously authorized but unsold bonds and provides \$2,500,000 in new General Fund capacity to match federal funds (typically 95 percent/5 percent state-local).

#### Cabinet for Families and Children

- Department for Social Services - The Workers Information System (TWIST) Project Completion - \$1,150,000 - General Fund.

#### **Capital Outlay Additional Funding from Non-recurring General Funds**

- Both the Parks Department and the Kentucky Horse Park in the Tourism Development Cabinet, as well as the Division of Forestry in the Natural Resources and Environmental Protection Cabinet have been provided high priority, capital outlay increases from non-recurring General Funds. These funds are shown in this capital construction summary because of their non-recurring, one-time funding sources and in order to facilitate necessary continuing expenditure authority from fiscal year 1995-96 to the succeeding two years. They have also been identified in this section to complement the capital construction resources directed to the Parks revitalization effort now underway, as well as to target significant non-recurring resources to the Fire Suppression program within the Division of Forestry.
- Parks - Capital Outlay - \$2,450,000 in fiscal year 1996 - General Fund.
- Kentucky Horse Park - Capital Outlay - \$200,000 in fiscal year 1996 - General Fund.
- Forestry - Capital Outlay - \$1,600,000 in fiscal year 1996 - General Fund.

(Each of the above current year appropriations is incorporated in the following summary table, as are all capital construction appropriations, although for Pool A and Pool B only the fiscal year 1995-96 amounts are depicted.)



**1996-98 BUDGET OF THE COMMONWEALTH  
CAPITAL CONSTRUCTION SUMMARY**

	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>New Authorization</b>
<b>SOURCE OF FUNDS</b>				
<b>Executive Branch</b>				
General Fund	101,845,600	2,300,000	1,000,000	105,145,600
Restricted Fund	3,945,000	566,975,500	116,636,000	687,556,500
Federal Fund	8,486,000	48,190,500	12,837,500	69,514,000
Bond Fund		73,796,000	30,000,000	103,796,000
Road Fund	500,000	6,146,000	4,004,000	10,650,000
Agency Bond		65,000,000	30,000,000	95,000,000
Capital Construction Surplus	5,000,000	500,000		5,500,000
Investment Income		35,505,000	11,010,000	46,515,000
Other		24,700,000	6,500,000	31,200,000
<b>Total Funds</b>	<b>119,776,600</b>	<b>823,113,000</b>	<b>211,987,500</b>	<b>1,154,877,100</b>
<b>Judicial Branch</b>				
General Fund		860,000	860,000	1,720,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>119,776,600</b>	<b>823,973,000</b>	<b>212,847,500</b>	<b>1,156,597,100</b>
<b>EXPENDITURES BY CABINET</b>				
<b>Executive Branch</b>				
Government Operations	9,014,000	23,020,500	7,893,000	39,927,500
Economic Development		6,000,000		6,000,000
Education		300,000	4,175,000	4,475,000
Education and Humanities	4,137,000	20,750,000	30,000,000	54,887,000
Families and Children	1,150,000	800,000	550,000	2,500,000
Finance and Administration	5,666,200	97,409,700	39,527,000	142,602,900
Health Services	1,027,000	400,000	400,000	1,827,000
Higher Education	14,411,000	598,325,300	98,592,000	711,328,300
Justice		37,190,500	6,990,500	44,181,000
Labor		341,000	257,000	598,000
Natural Resources	1,600,000	11,100,000	8,300,000	21,000,000
Public Protection		5,450,000		5,450,000
Tourism	5,750,000	7,370,000	6,800,000	19,920,000
Transportation	500,000	7,646,000	5,504,000	13,650,000
Workforce Development		7,010,000	2,999,000	10,009,000
Fund A	38,260,700			38,260,700
Fund B	38,260,700			38,260,700
<b>Total Expenditures</b>	<b>119,776,600</b>	<b>823,113,000</b>	<b>211,987,500</b>	<b>1,154,877,100</b>
<b>Judicial Branch</b>		860,000	860,000	1,720,000
<b>TOTAL EXPENDITURES</b>	<b>119,776,600</b>	<b>823,973,000</b>	<b>212,847,500</b>	<b>1,156,597,100</b>

**CAPITAL CONSTRUCTION OVERVIEW**

The capital construction appropriations for the 1996-98 biennium, as shown in the summary table above, are reflective of a policy emphasis on funding current services. This same policy is woven throughout the operating budget. Capital project activity depicted above generally is confined to the following areas: 1) maintenance and

repair of existing state facilities; 2) continuation levels of funding for ongoing projects and bond pools; 3) support for the highest priority life safety projects; and 4) essential General Fund bond financed construction for the Department of Corrections to accommodate increased numbers of convicted felons.

### **Capital Construction Summary and Attendant Policy Issues**

The level of funding for all state-financed maintenance programs has been continued at an amount equal to or greater than appropriated during the 1994-96 biennium. Wherever possible, recurring capital construction investment income dollars supporting maintenance pool appropriations have been increased to the levels recommended by the Capital Planning Advisory Board in the current Six-year Capital Improvement Plan for 1994-2000. Moreover, the Emergency Repair, Maintenance and Replacement Fund and the Capital Construction and Equipment Purchase Contingency Fund have both been approved to receive \$8,000,000 in fiscal year 1997 in order to replenish the basic level of support for these two statutory programs which are of statewide importance.

For the first time, a maintenance pool has been provided to the Kentucky Center for the Arts in the amount of \$500,000 for small projects (under \$400,000 each). Additionally, the new Cabinet for Families and Children, formerly part of the Cabinet for Human Resources, will receive a \$250,000 non-recurring appropriation in fiscal year 1997 to support facility renovation and repair actions stemming from the November 1995 Juvenile Facilities Consent Decree with the federal government.

Beyond these two initiatives and the ongoing programs for regular maintenance, the following projects have been approved and reflect either critical repair priorities or continuation levels of funding for ongoing bond-funded project pools:

#### Finance and Administration Cabinet - Investment Income

- Capitol Dome Restoration - \$1,802,000 - Investment Income - fiscal year 1996-97.
- Capitol Annex Exterior Waterproof and Repair - \$450,000 - Investment Income - fiscal year 1996-97.
- Capitol Skylight Repair - \$600,000 - Investment Income - fiscal year 1996-97.
- Human Resources Complex Roof Replacement - \$1,250,000 - Investment Income - fiscal year 1996-97.

### **General Fund-supported Bond Authorizations**

#### Justice Cabinet, Department of Corrections

- Green River Correctional Complex - New 314 Bed Medium Security Dormitory - \$7,960,000 in state bonds. (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$772,000 in fiscal year 1997-98.)
- Roederer Correctional Complex - New 150 Bed Medium Security Dormitory - \$5,702,000 in state bonds. (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$555,000 in fiscal year 1997-98.)
- Kentucky State Reformatory Unit E Completion as required by Federal Court Consent Decree in \$8,800,000 in state bonds. (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$853,000 in fiscal year 1997-98.)
- Roederer Correctional Complex - 200 Bed Boot Camp - \$5,500,000 in state bonds. (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$535,000 in fiscal year 1997-98.)

### Kentucky State Police

- Law Enforcement Network of Kentucky (LINK) Upgrade - \$3,150,000 in state bonds (ten year issue) for essential upgrade and connection to the FBI's National Crime Information Center (NCIC). (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$459,000 in fiscal year 1997-98.)

### Finance and Administration Cabinet

- State Office Building Asbestos and Renovation project completion - \$11,900,000 in state bonds in addition to the \$10,000,000 Phase I bond project authorized by the 1994 General Assembly. (New bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$1,153,000 in fiscal year 1997-98.)

### Public Service Commission

- New building - \$4,684,000 in state bonds. These "General Fund-supported bonds" will permit a consolidation of Public Service Commission offices from current lease agreements in three locations and will be financed by the rate assessments on utility companies that finance all Public Service Commission activities.

## **Reauthorization and Additional Funding**

### Economic Development Cabinet

- Economic Development Bonds reauthorization - \$26,094,000 in reauthorized state bonds and an additional \$6,000,000 in new state bonds. New bonds authorized in fiscal year 1996-97; full year debt service in fiscal year 1997-98 for both new bonds \$583,000 and reauthorized bonds \$2,527,000 (one-half year's debt service on reauthorized bonds in fiscal year 1996-97 - \$1,263,500).

### Finance and Administration Cabinet

- Kentucky Infrastructure Authority Fund A - Wastewater Treatment Matching program - reauthorize \$9,351,000 in state bonds which will match at least \$40,000,000 in federal funds. (Bonds authorized in fiscal year 1996-97; full year General Fund debt service of \$906,000 in both fiscal year 1996-97 and fiscal year 1997-98.)
- Kentucky Infrastructure Authority Fund B - Infrastructure Revolving Loan program - reauthorize \$3,448,000 in state bonds. Three hundred thirty-eight thousand dollars (\$338,000) debt service in both years for the reauthorized bonds.
- School Facilities Construction Commission - reauthorize \$28,000,000 in state bonds and authorize additional \$20,100,000 in fiscal year 1997 and \$30,000,000 in fiscal year 1998 in new state bonds.

## **Agency Fund-supported Bonds**

- Council on Higher Education - University Restricted Bond Pool - \$35,000,000. This is a continuation level of funding from that authorized by the 1994 General Assembly for eligible projects approved by the Council on Higher Education for all universities.
- Western Kentucky University - the Family Student Housing project and the Bookstore Renovation project are authorized from the 1994-96 agency fund-supported bond pool previously provided to the Council on Higher Education. This authorization will allow these projects to be eligible for support from the remaining 1994-96 appropriation on a current fiscal year 1995-96 basis.
- Kentucky River Authority - reauthorize \$2,000,000 in agency fund-supported bonds initially authorized by the 1990 General Assembly, but not yet sold. These funds are to repair and renovate Kentucky river dams for water quality and water supply purposes and debt service is provided from fees levied by the Kentucky River Authority pursuant to statute.

- Kentucky Infrastructure Authority - Wastewater Revolving Loan and Grant Fund A - new authorization of \$30,000,000 each year in agency bonds supported from cash balances (at Trustee Bank) derived from loan repayments.

## **EMPOWER KENTUCKY - Reengineering Our Workforce Through Business Systems and Information Technology in Kentucky - High Priority General Fund Cash Funded - Pool A**

The capital budget for the Executive Branch includes a new technology trust fund (Pool A) funded from a portion of the unobligated General Fund balance previously described. This initiative is centered upon a major reengineering effort directed by the Secretary of the Executive Cabinet designed to save significant tax dollars on a recurring basis without any diminution of state services. In order to achieve maximum savings in the proposal, both a current year appropriation and a fiscal year 1997 appropriation are approved from the General Fund unobligated balance. Because the plan relies on cross cutting "horizontal" relationships that transcend traditional agency organizational lines, it will be necessary to deploy resources (appropriations) in the following manner: 1) the foremost criterion for individual project or process selection will be demonstrable cost savings on a recurring basis; 2) appropriations provided to Pool A can be directed to both the operating and capital budget of affected agencies; 3) the decision-making and priority setting responsibilities for allocating these funds are vested in the Secretary of the Executive Cabinet, upon advice and consultation with the new Redesign Steering Committee (described in more detail on the following page), and upon official authorization of the Secretary of the Finance and Administration Cabinet; 4) certain capital construction and major item of equipment statutes are temporarily suspended or modified to accommodate the fast track approach envisioned by the plan; and 5) regular oversight and reports are required to be made to the General Assembly and its committees.

### **Mission**

The goal of the Governor's EMPOWER KENTUCKY project is to build a state government organization that delivers efficient service at a cost substantially lower than current projections by fiscal year 1998. This improved efficiency will be financed by investing available one-time General Fund revenues amounting to one-half of the undesignated balance at two intervals -- initially at April 15, 1996, and again at July 1, 1996 -- to redesign the processes through which government services supported by the General Fund are delivered, and by supporting this redesign with modern business systems and management techniques, including integrated, cost-effective information technology.

The limited funds available in the pools supporting this project form the basis of the incentives offered to encourage widespread participation in this effort. The need for technology can be endless -- the funds available to support these needs are very finite. As a result, not all redesign efforts can be supported, even though they may result in savings to the Commonwealth. Which efforts will be supported initially will be determined through a competition for available funds based on the cost/benefit analyses performed by the redesign groups.

The evaluation of these cost/benefit analyses will be performed by a Redesign Steering Committee. This Steering Committee is made up of ten members and includes the Secretary of the Executive Cabinet, the Deputy Secretary of the Executive Cabinet, the Director of the Governor's Office for Policy and Management, the Secretary of Personnel, the Executive Director of the Kentucky Information Resources Management (KIRM) Commission, the Commissioner of the Department of Information Systems, and two representatives each from the House of Representatives and the Senate. It is the duty of this Committee to evaluate proposals for redesign based upon criteria communicated in advance to the Cabinets and Constitutional Officers. In addition, the group will remove roadblocks encountered by the working groups, assist in providing resources as needed, ensure that efficiencies that cross Cabinet lines are explored, and approve and facilitate implementation of the final process redesign.

Beyond these initial steps, a substantial pool of funds is provided to invest in projects such as the ones documented in the project descriptions on the following pages. The projects described are designed to show areas of focus and representative projects. They are not represented as approved in their particular current form at this time.

## Governor's EMPOWER KENTUCKY Plan for FB 96-98 (Pool A)

The Governor's EMPOWER KENTUCKY Plan for the Commonwealth includes thirteen (13) initiatives. Initiative XII, Motor Vehicle, is a part of the Plan, but the funds were requested by the Revenue and Transportation Cabinets.

		Source of Funds					
	Initiative	General	Federal (a)	Road	Other(b)	Special (c)	Total
I	Agriculture Technology Restructure	3,759,000					3,759,000
II	Business Permitting and Licenses	9,190,000					9,190,000
III	Health Care Services	8,193,000	19,494,000			1,412,000	29,099,000
IV	Families and Children	31,657,000	30,950,000				62,607,000
V	Tax Systems	27,905,000					27,905,000
VI	Integrated Justice System	17,168,000					17,168,000
VII	Financial Management System	42,350,000					42,350,000
VIII	One-Stop Job Services	776,000	3,619,000			1,034,000	5,429,000
IX	Geographic Information Systems	2,460,000	2,200,000				4,660,000
X	Kentucky Telelinking Network	1,556,000					1,556,000
XI	Century Date Change	4,508,000		1,055,000			5,563,000
XII	Motor Vehicle System			17,006,000			17,006,000
XIII	Statewide 800 MHZ Digital Radio				42,000,000		42,000,000
	TOTALS (d)	149,522,000	56,263,000	18,061,000	42,000,000	2,446,000	268,292,000

a Based on estimates of current programs.

b Other funds represent unidentified funding source at this time, may include bonds.

c Special funds include local and private fund sources.

d In many of these initiatives, operational costs have not been included. It is assumed, with the reengineering efforts, operational costs for the new systems will be less than or equal to the current operational costs.

*This is not a priority listing, nor is it a firm recommendation. The initiatives are illustrative only.*

**Budget Requests for Technology/Business Systems (Pool A Eligible)**  
**(Illustrative Purposes Only)**

Department	Title	Biennial Cost	Capital Budget			Operational Budget	
			FY96	FY97	FY98	FY97	FY98
Agriculture	*Technology Restructure System	3,759,000		301,000	168,000	1,935,000	1,355,000
Auditor	Local Audit Financial Network Pilot Program	350,000				200,000	150,000
Finance / Controller	Electronic Commerce	332,000				125,000	207,000
GIS	*Statewide Digital Basemap	2,460,000		2,460,000			
Libraries and Archives	*Record Format and Conversion	55,000		55,000			
Natural Resources	*Permitting Systems - Imaging	1,925,000		903,000		487,900	534,100
Personnel	*Electronic Employee File System	1,125,400		907,400		113,300	104,700
Revenue	*Tax Return Processing and Tax Gap	4,751,400		1,780,000	400,000	1,563,400	1,008,000
Social Insurance	Child Support Replacement Equipment	773,000		397,000	376,000		
	*Point of Sale Devices & Telecommunications	2,834,700		375,500	500,000	568,000	1,391,200
			<b>Funded</b>				
<b>Totals</b>		<b>\$18,365,500</b>	<b>Total</b>	<b>\$ 7,178,900</b>	<b>\$ 1,444,000</b>	<b>\$ 4,992,600</b>	<b>\$ 4,750,000</b>

\* Represents a Kentucky Information Resources Management (KIRM) High Value Computing Project

The preceding capsule descriptions of information system projects and major items of equipment are derived from budget requests and KIRM/Capital Planning Advisory Board recommendations. These should be considered as illustrative, and are not approved for funding as individual priorities or line-items.



**Capital Construction Additional Projects -- High Priority General Fund Non-recurring Cash Funded - Pool B**

The following projects and project descriptions are approved in priority order for funding from fiscal year 1995-96 General Fund dollars. Each of these projects is approved as a contingent cash funded initiative. The projects are divided into two groups or tiers for activation based on unobligated fund balances, determined on April 15, 1996, and on July 1, 1996, respectively. These projects are authorized from "Pool B," which is constituted from one-half of the unobligated General Fund surplus on April 15 and from any additional actual General Fund unobligated surplus on June 30, 1996 (after formal fiscal closeout). On April 15, projects ranked as top priorities are authorized as current year appropriations. A second group from the same list, but in lower priority, becomes eligible on July 1 (fiscal year 1996-97) for immediate authorization and funding. The enacted Budget of the Commonwealth itemizes project priorities and amounts as follows:

**GENERAL FUND CASH PROJECTS - CONTINGENT APPROPRIATIONS (Pool B)  
(Effective April 15, 1996, and/or July 1, 1996)**

**Priority**

1	Northern Kentucky Secure Juvenile Detention Center	4,300,000
2	Western Kentucky Secure Juvenile Detention Center	4,300,000
3	Hopkinsville Regional Technical Training Center	11,445,000
4	Ashland Community College Classroom Building	5,500,000
5	University of Louisville - Health Science Center Research Facility	14,000,000
6	University of Kentucky - Pin Oak Farm - Animal Science Research Center	12,480,000
7	Prestonsburg Community College Classroom/Health Education Building	5,500,000
8	Kentucky Tech - Pike County Technology Center	8,244,000
9	Northern Kentucky Convention Center - Enhancements	3,000,000
10	Western Kentucky University - Renovate Economic Development Institute	4,000,000
11	Eastern Kentucky University - Classroom Building/Wellness Center	4,000,000
12	Madisonville - Student/Auditorium Parking	800,000
13	Hazard Community College Classroom and Faculty Offices	5,500,000
14	Yatesville Lake Marina	1,173,000
15	My Old Kentucky Home Visitors Center	1,300,000
16	Pine Mountain Lake Development	2,938,000
17	Jefferson Davis Monument Visitors Center	650,000
18	Taylorsville Lake Campground	2,125,000
19	Yatesville Lake Campground	2,200,000
20	Cumberland Falls Interpretive Center	636,000
21	General Butler Conference Center	2,230,000
22	Kentucky Horse Park Stalls	550,000
23	Buckhorn Conference Center	1,120,000
24	Lake Barkley Covered Pool	1,427,000
25	Lake Cumberland Parking	968,000
26	Blue Licks Guest House	1,500,000
27	Completion of Dale Hollow Lodge	1,500,000

**TOTAL**

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**103,386,000**

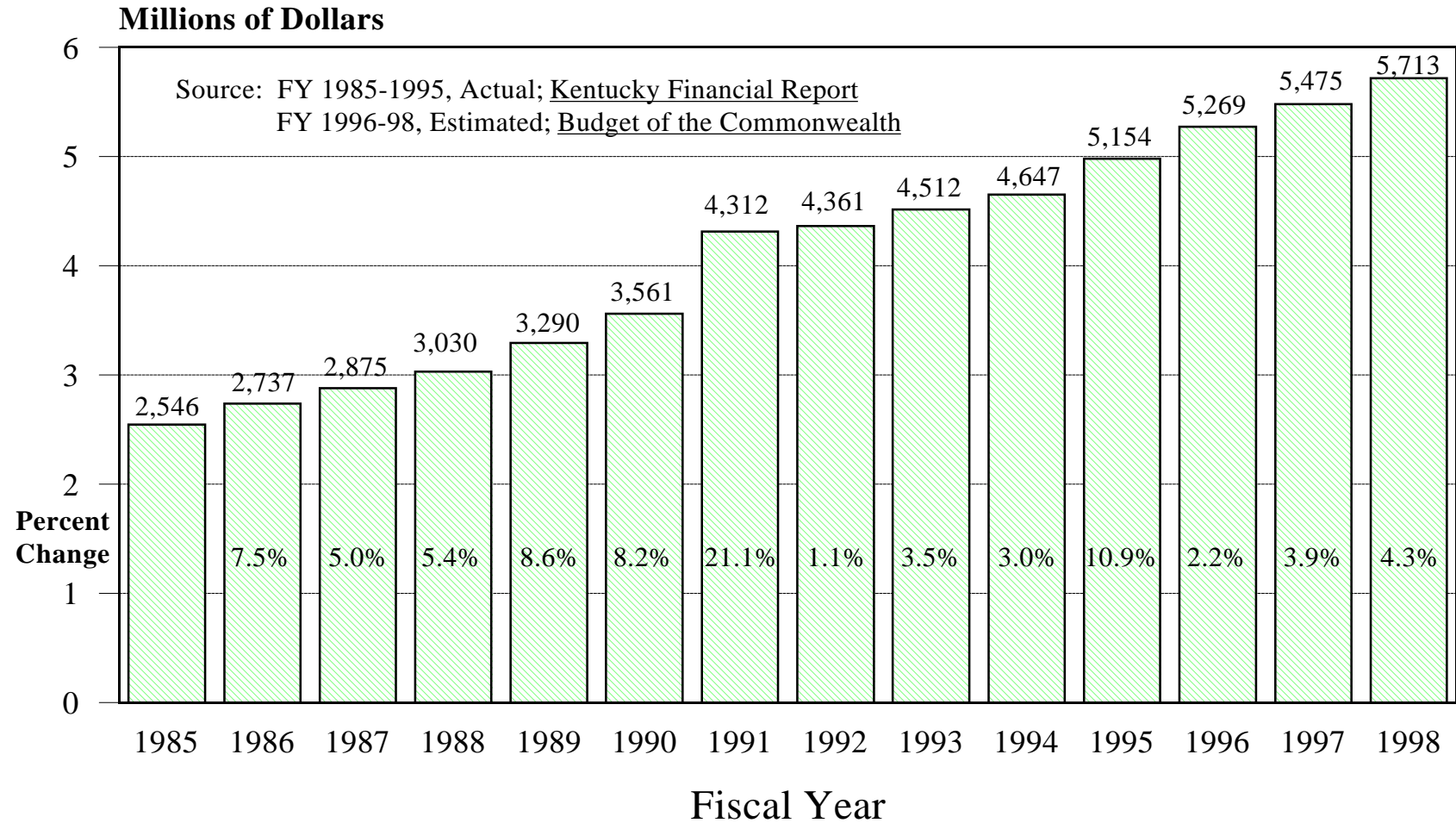
**1996-98 BUDGET SUMMARY OF THE ROAD FUND**  
(in millions of dollars - rounded)

	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
<b>RESOURCES</b>			
Undesignated Fund Balance	83.7	43.0	
Official Road Fund Estimate	927.8	952.2	985.3
Non-Revenue Receipts	.1	.1	.1
<b>TOTAL RESOURCES</b>	<b>1,011.6</b>	<b>995.3</b>	<b>985.4</b>
<b>APPROPRIATIONS</b>			
Transportation Cabinet			
Revenue Sharing	242.1	197.9	203.5
Highways	427.9	513.8	505.7
Vehicle Regulation	22.9	22.7	24.9
Debt Service	159.9	161.3	152.3
General Administration and Support	50.4	51.4	52.8
Judgments	19.2		
Capital Construction	4.1	6.0	4.0
Subtotal	926.5	953.1	943.2
Justice Cabinet	40.4	40.4	40.4
Revenue Cabinet	1.4	1.4	1.4
Finance and Administration	.4	.4	.4
<b>TOTAL APPROPRIATIONS</b>	<b>968.6</b>	<b>995.3</b>	<b>985.4</b>
<b>BALANCE</b>	<b>43.0</b>		

# General Fund Revenue Receipts

Fiscal Years 1985-98

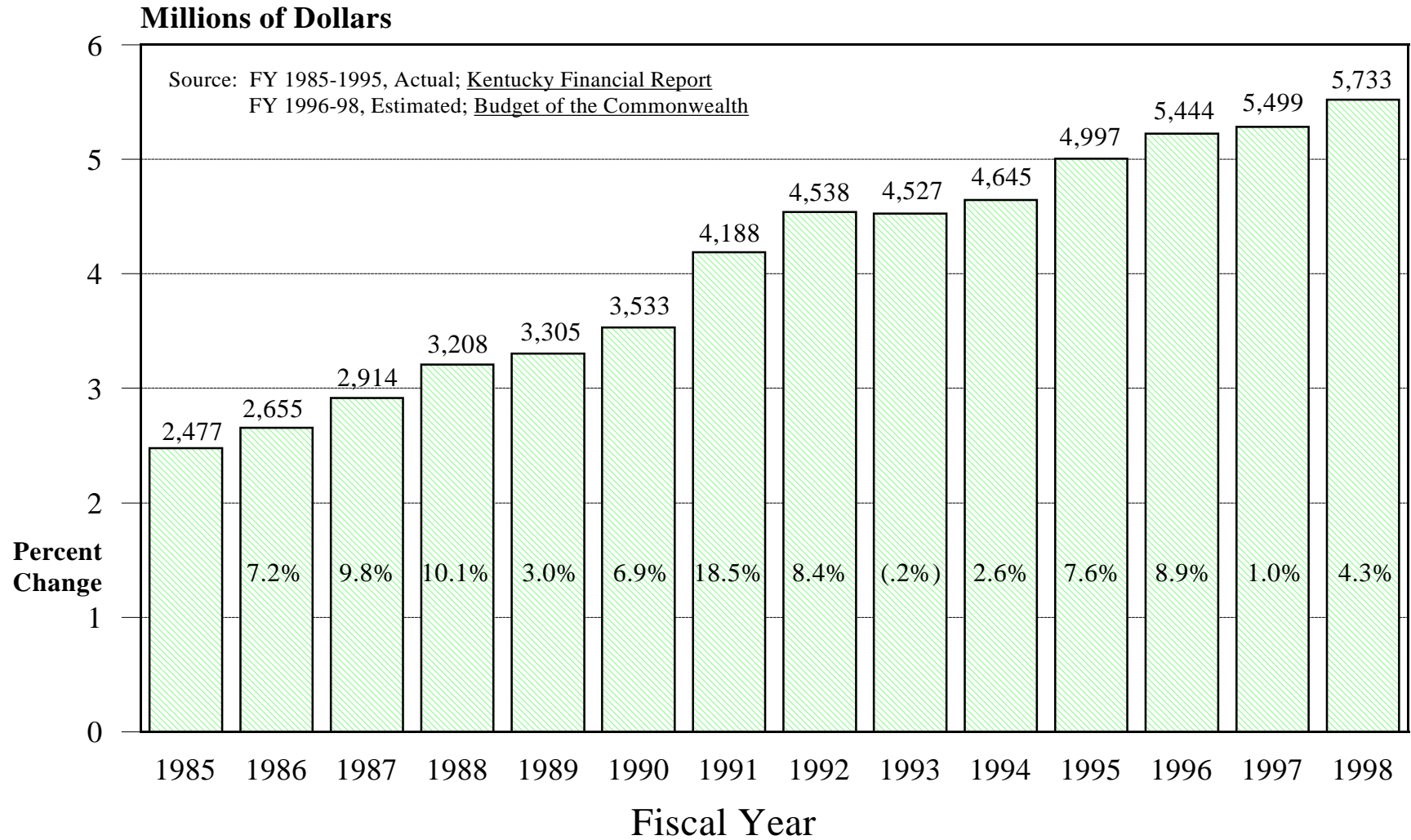
(millions of dollars - rounded)



# General Fund Expenditures

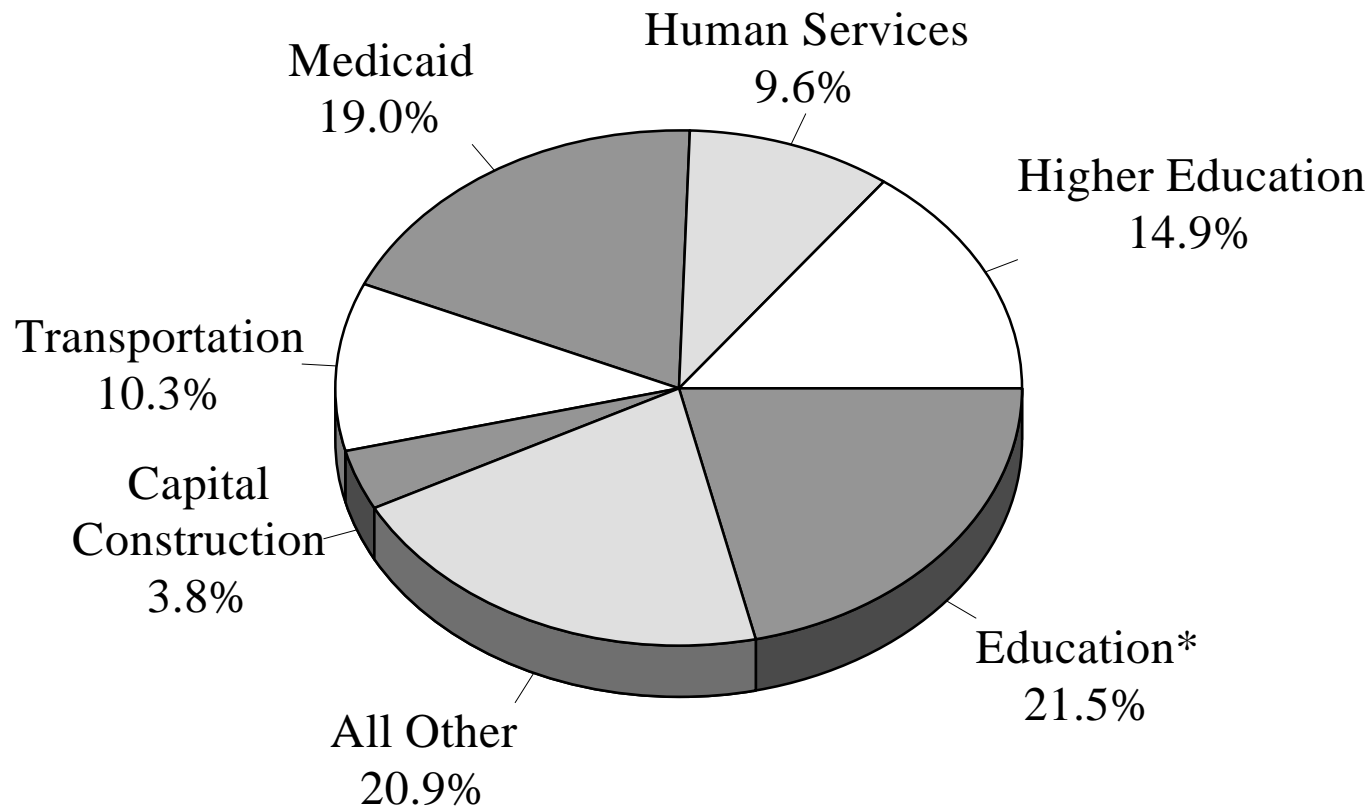
## Fiscal Years 1985-98

(millions of dollars - rounded)



# Fiscal Years 1997 and 1998 Distribution of All Funds Appropriations

**Total = \$27.5 Billion**

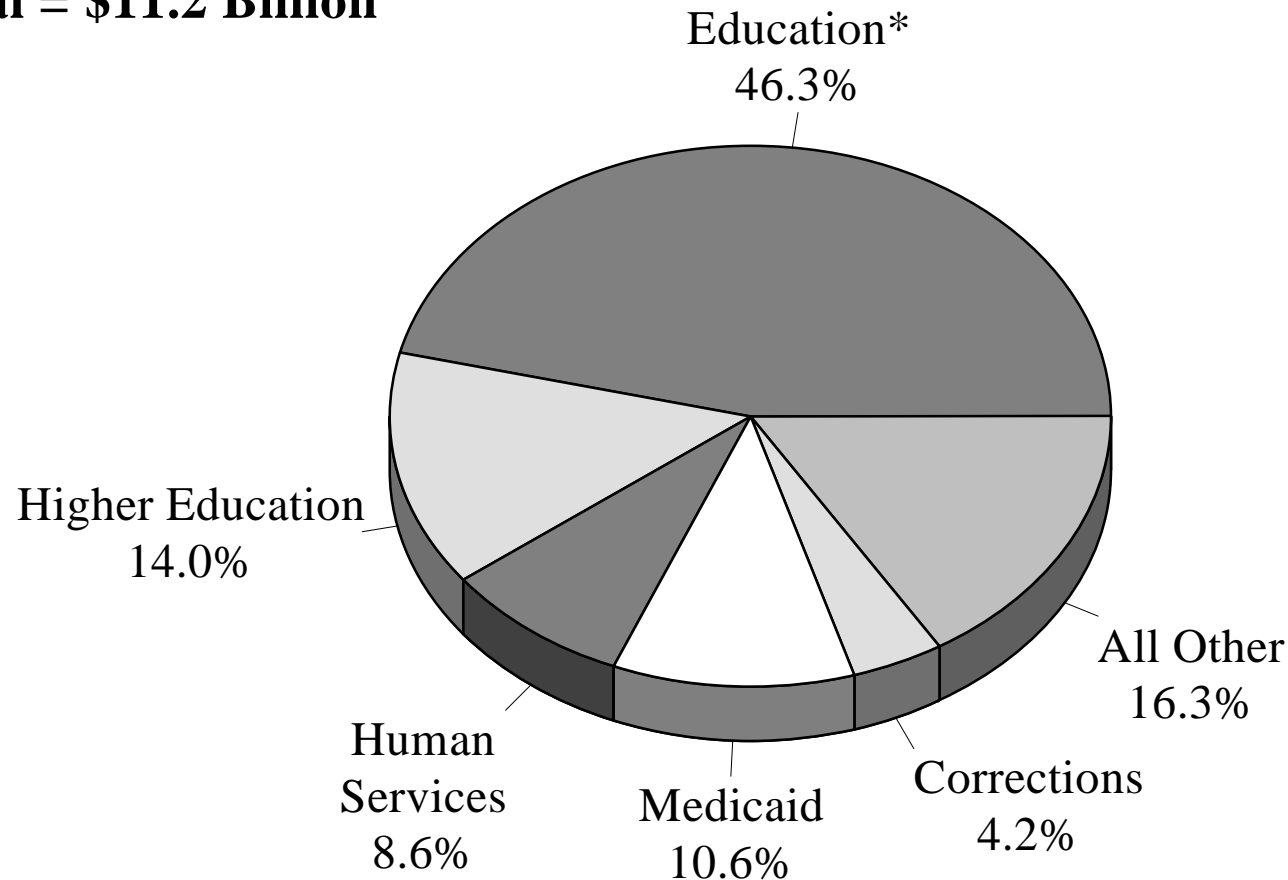


\* Includes the Department of Education, the Teachers' Retirement System, and the School Facilities Construction Commission.

**Source:** 1996-98 Budget of the Commonwealth

# Fiscal Years 1997 and 1998 Distribution of General Fund Appropriations

**Total = \$11.2 Billion**



\* Includes the Department of Education, the Teachers' Retirement System, and the School Facilities Construction Commission.

**Source:** 1996-98 Budget of the Commonwealth.

## SUMMARY - AVAILABLE

Fund	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
General Fund	5,459,419,900	5,495,307,200	5,729,029,700
General Fund Continuing Appropriation	144,010,400	222,116,500	218,299,600
General Fund Mandated Allotments	56,488,200		
General Fund Current Year	6,648,000		
Subtotal	5,666,566,500	5,717,423,700	5,947,329,300
Road Fund	961,026,200	989,160,200	981,431,800
Federal Funds	3,740,870,700	3,898,008,100	3,951,475,500
Agency Funds	3,089,809,700	2,930,853,900	2,917,564,500
Capital Construction (Non General Fund)			
Restricted Funds	3,945,000	566,975,500	116,636,000
Federal Funds	8,486,000	48,190,500	12,837,500
Road Fund	500,000	6,146,000	4,004,000
Bond Funds		73,796,000	30,000,000
Agency Bonds		65,000,000	30,000,000
Capital Construction Surplus	5,000,000	500,000	
Investment Income		35,505,000	11,010,000
Other Funds		24,700,000	6,500,000
Subtotal	17,931,000	820,813,000	210,987,500
<b>Total - Available Funds</b>	<b>13,476,204,100</b>	<b>14,356,258,900</b>	<b>14,008,788,600</b>

## SUMMARY - APPROPRIATED

Fund	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
General Fund	5,459,419,900	5,495,307,200	5,729,029,700
General Fund Continuing Appropriation	144,010,400	222,116,500	218,299,600
General Fund Mandated Allotments	56,488,200		
General Fund Current Year	6,648,000		
Subtotal	5,666,566,500	5,717,423,700	5,947,329,300
Road Fund	961,026,200	989,160,200	981,431,800
Federal Funds	3,740,073,600	3,896,967,600	3,949,907,800
Agency Funds	2,543,613,300	2,451,044,000	2,502,826,600
Capital Construction (Non General Fund)			
Restricted Funds	3,945,000	566,975,500	116,636,000
Federal Funds	8,486,000	48,190,500	12,837,500
Road Fund	500,000	6,146,000	4,004,000
Bond Funds		73,796,000	30,000,000
Agency Bonds		65,000,000	30,000,000
Capital Construction Surplus	5,000,000	500,000	
Investment Income		35,505,000	11,010,000
Other Funds		24,700,000	6,500,000
Subtotal	17,931,000	820,813,000	210,987,500
<b>Total - Appropriated Funds</b>	<b>12,929,210,600</b>	<b>13,875,408,500</b>	<b>13,592,483,000</b>



## GENERAL FUND - REGULAR APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Executive Office of the Governor			
Office of the Governor	3,900,600	6,102,000	6,361,000
Governor's Office for Policy and Management	2,183,700	2,269,000	2,471,400
State Planning Fund	225,000	500,000	500,000
Subtotal	6,309,300	8,871,000	9,332,400
Secretary of State	1,827,400	2,160,300	2,223,200
Board of Elections	3,854,500	3,188,200	3,222,500
Treasury	1,750,800	1,735,400	1,857,700
Attorney General	8,896,200	9,882,900	10,639,900
Unified Prosecutorial System			
Commonwealth's Attorneys	12,817,600	15,841,600	16,982,600
County Attorneys	13,575,100	15,056,600	15,748,600
Subtotal	26,392,700	30,898,200	32,731,200
Auditor of Public Accounts	4,197,000	4,434,100	4,572,100
Agriculture	12,573,000	15,463,700	16,466,500
Military Affairs	10,663,900	9,462,500	10,381,100
Personnel Board	455,100	490,700	486,600
Local Government	5,673,500	5,825,300	6,042,000
Special Funds	54,103,700	56,157,400	61,690,100
Commission on Human Rights	1,731,400	1,743,300	1,853,200
Commission on Women	170,200	174,700	174,200
Registry of Election Finance	1,297,800	1,285,600	1,331,300
Capital Plaza Authority	59,000	59,000	59,000
Executive Branch Ethics Commission	207,100	247,500	258,300
Appropriations Not Otherwise Classified	3,380,500	3,645,500	3,846,500
Appropriations Not Otherwise Classified - Judgments	2,000,000	33,471,000	5,000,000
Veteran's Nursing Home	7,281,200	5,834,800	6,170,000
<b>Total</b>	152,824,300	195,031,100	178,337,800
<b>ECONOMIC DEVELOPMENT</b>			
Secretary	1,694,600	1,691,000	1,707,200
Administration and Support	1,597,000	1,725,800	1,763,900
Job Development	1,890,000	2,015,400	2,051,000
Financial Incentives	4,001,700	3,837,100	3,788,700
Debt Service	53,688,000	51,580,500	51,815,000
Community Development	3,473,800	3,214,000	3,274,300
<b>Total</b>	66,345,100	64,063,800	64,400,100

## GENERAL FUND - REGULAR APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION</b>			
SEEK	1,933,302,800	1,975,213,900	2,029,385,300
Executive Policy and Management	2,609,000	3,184,300	3,242,700
Management Support Services	217,000,600	261,119,200	280,524,700
Learning Results Services	54,718,700	30,964,100	31,220,600
Learning Support Services	157,156,800	161,816,500	164,455,800
<b>Total</b>	<u>2,364,787,900</u>	<u>2,432,298,000</u>	<u>2,508,829,100</u>
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Secretary	1,600,100	1,864,800	1,827,800
Kentucky Arts Council	3,308,100	3,392,200	3,979,900
Teachers' Retirement System	61,829,200	69,647,300	66,195,500
School Facilities Construction Commission	58,531,300	60,144,000	63,755,200
Deaf and Hard of Hearing	341,500	460,800	477,300
Kentucky Heritage Council	711,300	569,000	709,100
Kentucky Educational Television	15,123,300	15,761,400	16,570,900
Kentucky Historical Society	3,905,200	4,004,000	4,856,900
Libraries and Archives	12,687,300	13,129,300	13,246,200
Kentucky Center for the Arts	3,401,400	3,134,400	3,135,400
<b>Total</b>	<u>161,438,700</u>	<u>172,107,200</u>	<u>174,754,200</u>
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	43,276,400	42,457,800	43,784,300
Administration	3,318,500	3,468,800	3,713,100
Facilities Management	7,899,600	6,399,500	6,690,100
<b>Total</b>	<u>54,494,500</u>	<u>52,326,100</u>	<u>54,187,500</u>
<b>HIGHER EDUCATION</b>			
Council on Higher Education	10,123,100	8,766,300	10,373,900
Kentucky Higher Education Assistance Authority	27,168,600	28,505,400	30,103,200
Universities			
Eastern Kentucky University	55,830,800	57,991,400	59,817,700
Kentucky State University	19,116,900	19,578,900	19,798,700
Morehead State University	34,190,200	34,610,500	35,496,700
Murray State University	39,945,600	41,700,200	43,701,300
Northern Kentucky University	30,554,000	31,566,100	32,326,600
University of Kentucky	253,974,700	263,336,400	271,143,000
University of Kentucky Community College System	76,363,100	82,609,500	87,404,500
University of Louisville	142,768,400	147,843,200	151,460,500
Western Kentucky University	53,003,300	54,649,100	55,852,900
Subtotal	<u>705,747,000</u>	<u>733,885,300</u>	<u>757,001,900</u>
<b>Total</b>	<u>743,038,700</u>	<u>771,157,000</u>	<u>797,479,000</u>

## GENERAL FUND - REGULAR APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	49,333,100	50,335,900	53,221,800
Benefits	91,241,200	86,728,100	87,173,100
Subtotal	140,574,300	137,064,000	140,394,900
Social Services	142,157,500	142,227,900	153,764,000
Administration and Program Support	23,299,300	21,536,800	22,479,000
<b>Total</b>	306,031,100	300,828,700	316,637,900
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	11,306,500	8,786,400	7,851,100
Benefits	483,306,100	555,099,300	620,739,400
Subtotal	494,612,600	563,885,700	628,590,500
Health Services	52,598,500	51,397,700	51,577,900
Mental Health/Mental Retardation	132,125,300	113,527,500	120,168,400
Children with Special Health Care Needs	8,066,400	2,620,600	3,971,300
Health Care Policy Board	3,000,000	3,243,600	3,415,900
<b>Total</b>	690,402,800	734,675,100	807,724,000
<b>Total</b>	996,433,900	1,035,503,800	1,124,361,900
<b>JUSTICE</b>			
Justice Administration	5,174,700	6,858,300	7,762,600
State Police	40,779,000	48,174,300	55,348,600
Corrections			
Community Services and Local Facilities	39,757,800	46,074,200	49,114,200
Corrections Management	24,629,000	24,830,200	28,347,900
Adult Correctional Institutions	128,355,400	141,059,400	155,729,800
Local Jail Support	14,468,500	14,868,500	14,468,500
Subtotal	207,210,700	226,832,300	247,660,400
<b>Total</b>	253,164,400	281,864,900	310,771,600
<b>LABOR</b>			
General Administration and Support	483,000	485,900	503,800
Workplace Standards	1,633,500	1,660,700	1,730,600
<b>Total</b>	2,116,500	2,146,600	2,234,400

## GENERAL FUND - REGULAR APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	7,461,100	7,636,100	7,948,600
Environmental Protection	19,448,500	20,060,600	21,611,000
Natural Resources	9,050,600	10,758,000	11,229,000
Surface Mining Reclamation	9,753,600	9,404,500	9,811,500
Subtotal	45,713,800	47,859,200	50,600,100
Kentucky River Authority			
Environmental Quality Commission	208,700	210,900	234,900
Nature Preserves Commission	677,200	701,300	631,700
<b>Total</b>	46,599,700	48,771,400	51,466,700
<b>PERSONNEL</b>			
Personnel	4,262,400	4,777,000	5,074,300
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	458,900	444,100	474,000
Alcoholic Beverage Control	1,547,300	1,410,900	1,817,800
Kentucky Racing Commission	845,600	856,600	894,100
Housing, Buildings, and Construction	3,066,300	3,291,500	3,446,100
Mines and Minerals	9,040,800	7,913,600	9,785,200
Public Advocacy	12,728,100	13,225,600	13,643,200
Public Service Commission	6,819,900	5,934,000	7,260,700
Office of the Secretary	303,700	319,100	335,400
Board of Tax Appeals	265,700	529,800	541,200
<b>Total</b>	35,076,300	33,925,200	38,197,700
<b>REVENUE</b>			
Administrative Services	23,665,300	27,009,300	28,056,200
Tax Compliance	20,581,200	22,005,600	23,458,200
Property Taxation	4,500,500	5,577,500	5,801,900
Property Valuation Administrators	17,954,300	19,432,900	20,383,100
<b>Total</b>	66,701,300	74,025,300	77,699,400
<b>TOURISM</b>			
Secretary	1,189,100	1,223,900	1,288,900
Breaks Interstate Park	170,000	170,000	170,000
Travel Development	6,188,200	6,272,900	6,375,100
Parks	29,811,700	35,149,200	32,493,900
Kentucky Horse Park	2,466,000	2,740,000	2,924,700
Kentucky State Fair Board	10,959,900	11,795,000	11,576,000
<b>Total</b>	50,784,900	57,351,000	54,828,600

## GENERAL FUND - REGULAR APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>TRANSPORTATION</b>			
Air Transportation	2,151,300	2,255,400	2,164,000
Rail Transportation	69,300	64,600	66,800
Public Transportation	2,939,600	3,986,500	3,295,500
<b>Total</b>	<u>5,160,200</u>	<u>6,306,500</u>	<u>5,526,300</u>
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	7,318,800	7,357,700	7,521,900
State Board for Adult and Technical Education	33,600	33,600	33,600
Technical Education	63,619,300	67,218,700	69,175,300
Adult Education and Literacy	10,529,800	10,090,300	10,051,700
Vocational Rehabilitation	8,260,900	8,735,900	9,172,700
Department for the Blind	1,700,600	1,743,800	1,792,700
Teachers' Retirement - Employers' Contribution	8,652,000	8,822,500	9,266,100
Training and Reemployment	100,000		
Employment Services	1,960,500	550,900	582,800
<b>Total</b>	<u>102,175,500</u>	<u>104,553,400</u>	<u>107,596,800</u>
Budget Reserve Trust Fund	100,000,000		
<b>Grand Total - EXECUTIVE BRANCH</b>	<u>5,205,404,300</u>	<u>5,336,208,300</u>	<u>5,555,745,400</u>
Legislative Branch	28,952,600	29,653,500	36,543,000
Judicial Branch	116,732,400	126,285,400	134,881,300
Capital Construction	108,330,600	3,160,000	1,860,000
<b>Grand Total - STATE GOVERNMENT</b>	<u>5,459,419,900</u>	<u>5,495,307,200</u>	<u>5,729,029,700</u>

## GENERAL FUND - CURRENT YEAR APPROPRIATION

Cabinet / Agency	Revised FY 1996
<b>GOVERNMENT OPERATIONS</b>	
Agriculture	763,400
Local Government	1,279,000
<b>Total</b>	<u>2,042,400</u>
<b>FINANCE AND ADMINISTRATION</b>	
General Administration	400,000
<b>JUSTICE</b>	
Justice Administration	33,100
Corrections	
Community Services and Local Facilities	1,783,900
Adult Correctional Institutions	60,200
Subtotal	<u>1,844,100</u>
<b>Total</b>	<u>1,877,200</u>
<b>PERSONNEL</b>	
Personnel	100,000
<b>PUBLIC PROTECTION AND REGULATION</b>	
Board of Tax Appeals	181,600
<b>REVENUE</b>	
Administrative Services	1,681,500
Property Taxation	365,300
<b>Total</b>	<u>2,046,800</u>
<b>Grand Total - EXECUTIVE BRANCH</b>	<u>6,648,000</u>
<b>Grand Total - STATE GOVERNMENT</b>	<u>6,648,000</u>

## GENERAL FUND - MANDATED ALLOTMENTS

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>
<b>GOVERNMENT OPERATIONS</b>	
Unified Prosecutorial System	
Commonwealth's Attorneys	82,200
County Attorneys	49,500
Subtotal	131,700
Military Affairs	3,551,500
Registry of Election Finance	2,400,000
Appropriations Not Otherwise Classified	242,000
Appropriations Not Otherwise Classified - Judgments	49,993,000
<b>Total</b>	<b>56,318,200</b>
<b>JUSTICE</b>	
Justice Administration	170,000
<b>Grand Total - EXECUTIVE BRANCH</b>	<b>56,488,200</b>
<b>Grand Total - STATE GOVERNMENT</b>	<b>56,488,200</b>

## GENERAL FUND - CONTINUING APPROPRIATION

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Special Funds	7,540,900	7,540,900	7,540,900
<b>ECONOMIC DEVELOPMENT</b>			
Financial Incentives	8,617,900	6,567,700	3,567,700
<b>EDUCATION, ARTS AND HUMANITIES</b>			
School Facilities Construction Commission	2,904,500		
<b>HIGHER EDUCATION</b>			
Kentucky Higher Education Assistance Authority	1,207,900		
Universities			
University of Louisville	68,500		
<b>Total</b>	1,276,400		
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Benefits	8,851,300		
<b>HEALTH SERVICES</b>			
Health Services	1,800,000		
<b>Total</b>	10,651,300		
<b>JUSTICE</b>			
Corrections			
Community Services and Local Facilities	214,500		
Local Jail Support	439,700	339,700	239,700
<b>Total</b>	654,200	339,700	239,700
<b>PUBLIC PROTECTION AND REGULATION</b>			
Public Service Commission	402,700	565,600	
<b>TRANSPORTATION</b>			
Air Transportation	2,824,800	2,824,800	2,824,800
Rail Transportation	13,600		
Public Transportation	642,400	642,400	642,400
<b>Total</b>	3,480,800	3,467,200	3,467,200
Budget Reserve Trust Fund	100,000,000	200,000,000	200,000,000
<b>Grand Total - EXECUTIVE BRANCH</b>	135,528,700	218,481,100	214,815,500
Legislative Branch	8,481,700	3,635,400	3,484,100
<b>Grand Total - STATE GOVERNMENT</b>	144,010,400	222,116,500	218,299,600



## AGENCY FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Executive Office of the Governor			
Office of the Governor	33,100	433,100	433,100
Governor's Office for Policy and Management	157,200	117,200	77,200
Subtotal	190,300	550,300	510,300
Secretary of State	139,500	139,500	139,500
Board of Elections	140,200	53,900	53,900
Treasury	267,300	210,700	166,600
Attorney General	9,516,900	8,485,000	8,391,500
Unified Prosecutorial System			
Commonwealth's Attorneys	543,100	510,500	512,900
County Attorneys	67,600	69,900	72,700
Subtotal	610,700	580,400	585,600
Auditor of Public Accounts	3,194,800	3,358,200	3,322,400
Agriculture	4,217,200	4,253,000	4,484,800
Military Affairs	12,692,000	12,439,500	10,544,600
Personnel Board	8,000	9,000	10,000
Local Government	2,438,800	2,354,000	2,358,800
Commission on Human Rights	126,100	75,200	23,400
Commission on Women	13,500	13,500	6,800
Kentucky Retirement Systems	10,442,600	11,523,000	11,564,900
Registry of Election Finance	320,700	270,200	338,300
Boards and Commissions	22,540,800	23,819,300	23,578,100
Governmental Services Center	1,213,300	1,262,300	1,252,700
Capital Plaza Authority	821,000	756,800	673,800
Veteran's Nursing Home	10,243,400	11,455,800	10,240,100
<b>Total</b>	79,137,100	81,609,600	78,246,100
<b>ECONOMIC DEVELOPMENT</b>			
Secretary		350,000	350,000
Administration and Support	335,800	318,200	274,000
Financial Incentives	2,362,800	2,138,200	1,687,900
Community Development	927,900	187,700	179,700
<b>Total</b>	3,626,500	2,994,100	2,491,600
<b>EDUCATION</b>			
Executive Policy and Management	493,700	476,400	554,100
Management Support Services	3,068,600	3,099,600	3,246,700
Learning Results Services	624,600	238,100	215,000
Learning Support Services	1,802,500	1,652,600	1,629,100
<b>Total</b>	5,989,400	5,466,700	5,644,900

## AGENCY FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Secretary	35,900	65,000	67,000
Kentucky Arts Council	345,700	288,400	232,300
Teachers' Retirement System	3,425,100	3,674,600	3,813,800
Deaf and Hard of Hearing	204,600	204,600	204,600
Kentucky Heritage Council	320,700	158,400	53,800
Kentucky Educational Television	2,566,000	1,810,900	1,482,900
Kentucky Historical Society	603,200	549,800	354,200
Libraries and Archives	1,591,600	1,601,700	1,607,000
Environmental Education Council	190,000	190,000	190,000
<b>Total</b>	<b>9,282,800</b>	<b>8,543,400</b>	<b>8,005,600</b>
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	41,589,600	52,954,900	64,686,800
Administration	18,706,700	19,798,100	20,753,400
Facilities Management	28,814,800	29,985,000	30,041,300
Information Systems	34,619,900	36,002,300	36,804,700
<b>Total</b>	<b>123,731,000</b>	<b>138,740,300</b>	<b>152,286,200</b>
<b>HIGHER EDUCATION</b>			
Council on Higher Education	50,000		
Kentucky Higher Education Assistance Authority	11,328,000	11,467,000	11,883,000
Universities			
Eastern Kentucky University	77,014,400	80,127,400	85,155,300
Kentucky State University	10,409,900	10,762,400	11,077,800
Morehead State University	32,321,900	32,936,200	33,452,500
Murray State University	37,120,400	37,785,800	38,408,400
Northern Kentucky University	43,172,200	44,692,800	46,097,700
University of Kentucky	495,851,600	509,237,500	522,833,500
University of Kentucky Community College System	63,826,800	65,243,400	66,574,200
University of Louisville	193,883,900	197,466,300	200,754,200
Western Kentucky University	53,450,400	55,026,500	56,575,300
Subtotal	1,007,051,500	1,033,278,300	1,060,928,900
<b>Total</b>	<b>1,018,429,500</b>	<b>1,044,745,300</b>	<b>1,072,811,900</b>
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	26,760,900	33,640,900	35,519,600
Benefits	6,001,200	6,572,300	2,788,500
Subtotal	32,762,100	40,213,200	38,308,100

## AGENCY FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
Social Services	7,392,700	34,862,900	37,862,900
Administration and Program Support	7,116,500	6,132,900	5,243,500
<b>Total</b>	<u>47,271,300</u>	<u>81,209,000</u>	<u>81,414,500</u>
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	9,214,400	5,460,000	6,732,400
Benefits	187,187,600	179,708,000	177,575,600
Subtotal	<u>196,402,000</u>	<u>185,168,000</u>	<u>184,308,000</u>
Health Services	12,204,200	11,920,800	13,095,900
Mental Health/Mental Retardation	93,544,800	126,866,200	129,698,700
Children with Special Health Care Needs	7,027,700	10,004,500	6,835,800
Health Care Policy Board	1,596,200	335,000	185,000
Health Care Purchasing Alliance	3,060,400	4,824,900	4,866,100
<b>Total</b>	<u>313,835,300</u>	<u>339,119,400</u>	<u>338,989,500</u>
<b>Total</b>	<u>361,106,600</u>	<u>420,328,400</u>	<u>420,404,000</u>
<b>JUSTICE</b>			
Justice Administration	4,320,000	4,557,000	5,201,500
State Police	8,251,700	6,733,000	6,395,900
Criminal Justice Training	22,138,900	22,267,200	21,831,100
Corrections			
Community Services and Local Facilities	641,800	308,600	297,600
Corrections Management	110,200	1,400	1,400
Adult Correctional Institutions	18,318,500	16,435,900	16,504,700
Subtotal	<u>19,070,500</u>	<u>16,745,900</u>	<u>16,803,700</u>
<b>Total</b>	<u>53,781,100</u>	<u>50,303,100</u>	<u>50,232,200</u>
<b>LABOR</b>			
General Administration and Support	3,196,900	3,556,700	3,607,000
Workplace Standards	171,820,700	181,871,200	199,454,900
Workers' Claims	9,822,200	10,159,800	10,614,200
Kentucky Occupational Safety and Health Review Commission	273,400	272,700	293,600
<b>Total</b>	<u>185,113,200</u>	<u>195,860,400</u>	<u>213,969,700</u>
Kentucky Workers' Compensation Funding Commission	484,504,500	451,636,000	410,936,700

## AGENCY FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	1,393,800	858,100	624,700
Environmental Protection	26,500,100	24,651,000	20,397,800
Natural Resources	8,135,700	6,291,100	5,595,300
Surface Mining Reclamation	30,974,400	29,004,800	27,208,100
Subtotal	67,004,000	60,805,000	53,825,900
Kentucky River Authority	1,423,000	1,307,200	1,005,700
Environmental Quality Commission	10,000		
Nature Preserves Commission	1,162,900	935,200	706,800
PSTE AFC	96,195,300	116,417,200	127,593,200
<b>Total</b>	165,795,200	179,464,600	183,131,600
<b>PERSONNEL</b>			
Personnel	20,904,200	23,267,300	24,741,600
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	1,587,600	1,633,100	1,644,400
Alcoholic Beverage Control	781,800	811,400	521,400
Financial Institutions	14,569,000	17,964,900	18,593,900
Kentucky Racing Commission	18,492,200	17,229,900	15,624,300
Housing, Buildings, and Construction	31,887,700	31,807,400	37,112,100
Insurance	12,445,800	12,990,100	13,239,300
Mines and Minerals	2,093,100	2,337,500	867,100
Public Advocacy	3,715,900	3,440,700	3,585,800
Public Service Commission	797,800	797,800	31,800
<b>Total</b>	86,370,900	89,012,800	91,220,100
<b>REVENUE</b>			
Administrative Services	328,500	340,800	298,300
Tax Compliance	1,828,100	1,735,800	1,276,300
Property Taxation	2,415,200	2,073,900	1,782,600
Property Valuation Administrators	3,030,100	2,789,100	2,541,600
<b>Total</b>	7,601,900	6,939,600	5,898,800
<b>TOURISM</b>			
Travel Development	17,100	19,100	9,000
Parks	43,136,100	40,872,000	45,392,000
Kentucky Horse Park	4,123,000	4,150,000	4,247,300
Kentucky State Fair Board	24,016,000	25,542,900	26,595,700
Fish and Wildlife Resources	31,455,200	26,567,000	27,783,000
<b>Total</b>	102,747,400	97,151,000	104,027,000

## AGENCY FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>TRANSPORTATION</b>			
Air Transportation	90,400	90,900	92,300
Public Transportation	66,300		
Highways	299,760,400	52,007,800	10,322,400
Vehicle Regulation	3,787,100	3,228,400	3,168,400
General Administration and Support	19,889,800	21,197,300	21,613,800
<b>Total</b>	<u>323,594,000</u>	<u>76,524,400</u>	<u>35,196,900</u>
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	4,866,100	4,923,500	5,064,400
Technical Education	35,542,100	36,820,300	37,086,300
Adult Education and Literacy	1,560,900	954,500	899,700
Vocational Rehabilitation	3,243,300	2,630,500	2,493,100
Department for the Blind	3,964,200	3,644,400	3,806,000
State Board for Proprietary Education	236,800	249,700	258,600
Training and Reemployment	17,500	17,500	17,500
Employment Services	2,769,200	5,637,200	5,762,000
<b>Total</b>	<u>52,200,100</u>	<u>54,877,600</u>	<u>55,387,600</u>
<b>Grand Total - EXECUTIVE BRANCH</b>	<u>3,083,915,400</u>	<u>2,927,464,600</u>	<u>2,914,632,500</u>
Legislative Branch	2,916,200	941,200	891,200
Judicial Branch	2,978,100	2,448,100	2,040,800
<b>Grand Total - STATE GOVERNMENT</b>	<u>3,089,809,700</u>	<u>2,930,853,900</u>	<u>2,917,564,500</u>

## AGENCY FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Executive Office of the Governor			
Office of the Governor		400,000	400,000
Governor's Office for Policy and Management	40,000	40,000	40,000
Subtotal	40,000	440,000	440,000
Secretary of State	100,000	100,000	100,000
Board of Elections	136,300	50,000	50,000
Treasury	223,200	210,700	166,600
Attorney General	8,882,100	8,046,200	8,154,000
Unified Prosecutorial System			
Commonwealth's Attorneys	480,300	457,700	470,100
County Attorneys	66,900	69,500	72,600
Subtotal	547,200	527,200	542,700
Auditor of Public Accounts	2,779,400	3,113,900	3,308,800
Agriculture	2,223,400	2,027,400	2,013,000
Military Affairs	10,525,300	11,258,800	10,472,900
Local Government	555,800	455,900	455,900
Commission on Human Rights	50,900	51,800	23,400
Commission on Women		6,700	6,800
Kentucky Retirement Systems	10,442,600	11,523,000	11,564,900
Registry of Election Finance	76,500		
Boards and Commissions	9,876,500	10,319,900	10,763,500
Governmental Services Center	1,151,000	1,209,600	1,252,700
Capital Plaza Authority	629,000	647,800	666,800
Veteran's Nursing Home	7,033,000	9,548,000	9,847,300
<b>Total</b>	55,272,200	59,536,900	59,829,300
<b>ECONOMIC DEVELOPMENT</b>			
Secretary		350,000	350,000
Administration and Support	234,100	260,700	274,000
Financial Incentives	1,529,100	1,644,300	1,659,900
Community Development	895,200	163,000	169,300
<b>Total</b>	2,658,400	2,418,000	2,453,200
<b>EDUCATION</b>			
Executive Policy and Management	432,200	347,500	358,600
Management Support Services	2,191,900	2,110,800	2,178,100
Learning Results Services	518,600	142,100	142,100
Learning Support Services	1,558,700	1,466,400	1,468,600
<b>Total</b>	4,701,400	4,066,800	4,147,400

## AGENCY FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Secretary	35,900	65,000	67,000
Kentucky Arts Council	284,400	288,400	232,300
Teachers' Retirement System	3,425,100	3,674,600	3,813,800
Deaf and Hard of Hearing	200,000	200,000	200,000
Kentucky Heritage Council	199,200	158,400	53,800
Kentucky Educational Television	1,576,600	1,312,600	1,475,900
Kentucky Historical Society	339,200	510,300	314,700
Libraries and Archives	1,124,200	1,159,800	1,169,600
Environmental Education Council	150,000	150,000	150,000
<b>Total</b>	<b>7,334,600</b>	<b>7,519,100</b>	<b>7,477,100</b>
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	41,938,800	43,392,500	44,941,300
Administration	15,945,500	16,765,700	17,396,200
Facilities Management	25,330,400	27,608,500	28,964,900
Information Systems	34,619,900	36,002,300	36,804,700
<b>Total</b>	<b>117,834,600</b>	<b>123,769,000</b>	<b>128,107,100</b>
<b>HIGHER EDUCATION</b>			
Council on Higher Education	50,000		
Kentucky Higher Education Assistance Authority	11,328,000	11,467,000	11,883,000
Universities			
Eastern Kentucky University	77,014,400	80,127,400	85,155,300
Kentucky State University	10,409,900	10,762,400	11,077,800
Morehead State University	32,321,900	32,936,200	33,452,500
Murray State University	37,120,400	37,785,800	38,408,400
Northern Kentucky University	43,172,200	44,692,800	46,097,700
University of Kentucky	495,851,600	509,237,500	522,833,500
University of Kentucky Community College System	63,826,800	65,243,400	66,574,200
University of Louisville	193,883,900	197,466,300	200,754,200
Western Kentucky University	53,450,400	55,026,500	56,575,300
Subtotal	1,007,051,500	1,033,278,300	1,060,928,900
<b>Total</b>	<b>1,018,429,500</b>	<b>1,044,745,300</b>	<b>1,072,811,900</b>
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	26,760,900	33,640,900	35,519,600
Benefits	6,001,200	6,572,300	2,788,500
Subtotal	32,762,100	40,213,200	38,308,100

## AGENCY FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
Social Services	7,392,700	34,862,900	37,862,900
Administration and Program Support	5,532,800	5,711,200	5,243,500
<b>Total</b>	45,687,600	80,787,300	81,414,500
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	9,214,400	5,460,000	6,732,400
Benefits	186,125,400	174,100,000	177,575,600
Subtotal	195,339,800	179,560,000	184,308,000
Health Services	11,674,100	11,390,700	12,565,800
Mental Health/Mental Retardation	90,794,600	124,813,000	127,645,500
Children with Special Health Care Needs	2,861,800	8,013,700	6,835,800
Health Care Policy Board	1,596,200	335,000	185,000
Health Care Purchasing Alliance	3,060,400	4,824,900	4,866,100
<b>Total</b>	305,326,900	328,937,300	336,406,200
<b>Total</b>	351,014,500	409,724,600	417,820,700
<b>JUSTICE</b>			
Justice Administration	2,266,300	1,955,000	1,996,300
State Police	6,822,700	5,786,900	5,483,800
Criminal Justice Training	19,696,800	20,264,000	21,045,400
Corrections			
Community Services and Local Facilities	623,200	301,000	286,000
Corrections Management	109,800	1,000	1,000
Adult Correctional Institutions	16,420,000	15,330,200	15,063,100
Subtotal	17,153,000	15,632,200	15,350,100
<b>Total</b>	45,938,800	43,638,100	43,875,600
<b>LABOR</b>			
General Administration and Support	3,196,900	3,556,700	3,607,000
Workplace Standards	167,820,700	177,871,200	195,454,900
Workers' Claims	9,822,200	10,159,800	10,614,200
Kentucky Occupational Safety and Health Review Commission	273,400	272,700	293,600
<b>Total</b>	181,113,200	191,860,400	209,969,700
Kentucky Workers' Compensation Funding Commission	188,641,800	196,369,800	214,475,200



## AGENCY FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	896,300	611,700	624,700
Environmental Protection	16,106,500	18,287,100	16,545,500
Natural Resources	6,435,400	5,349,300	5,595,300
Surface Mining Reclamation	6,967,600	6,805,700	6,727,400
Subtotal	30,405,800	31,053,800	29,492,900
Kentucky River Authority	1,117,200	1,302,900	996,900
Environmental Quality Commission	10,000		
Nature Preserves Commission	511,600	561,600	561,600
PSTE AFC	22,812,400	31,882,400	41,012,300
<b>Total</b>	54,857,000	64,800,700	72,063,700
<b>PERSONNEL</b>			
Personnel	19,735,300	21,712,100	22,605,500
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	1,227,700	1,292,200	1,290,500
Alcoholic Beverage Control	388,900	718,500	398,900
Financial Institutions	6,560,200	9,232,800	9,385,500
Kentucky Racing Commission	15,154,000	15,278,300	15,424,200
Housing, Buildings, and Construction	26,616,200	21,138,500	21,369,000
Insurance	10,445,800	10,990,100	11,219,600
Mines and Minerals	622,700	2,337,500	867,100
Public Advocacy	2,687,000	2,323,000	2,419,300
Public Service Commission	22,500	788,500	22,500
<b>Total</b>	63,725,000	64,099,400	62,396,600
<b>REVENUE</b>			
Administrative Services	162,500	177,300	192,300
Tax Compliance	1,134,300	1,506,500	1,235,200
Property Taxation	1,561,300	1,561,300	1,561,300
Property Valuation Administrators	2,048,500	2,109,100	2,171,500
<b>Total</b>	4,906,600	5,354,200	5,160,300
<b>TOURISM</b>			
Travel Development	7,000	19,100	9,000
Parks	41,867,300	38,872,000	43,392,000
Kentucky Horse Park	3,948,000	3,907,700	3,941,300
Kentucky State Fair Board	20,758,200	21,873,500	22,404,500
Fish and Wildlife Resources	24,888,200	18,784,000	19,328,200
<b>Total</b>	91,468,700	83,456,300	89,075,000

# **AGENCY FUND - APPROPRIATED**

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
<b>TRANSPORTATION</b>			
Air Transportation	51,400	51,900	53,300
Public Transportation	66,300		
Highways	261,947,400	50,028,800	10,322,400
Vehicle Regulation	2,693,700	2,217,900	2,280,000
General Administration and Support	18,447,500	20,518,500	21,078,200
<b>Total</b>	<b>283,206,300</b>	<b>72,817,100</b>	<b>33,733,900</b>
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	4,791,800	4,836,800	4,965,400
Technical Education	32,966,800	35,854,200	37,078,300
Adult Education and Literacy	1,420,700	871,100	875,600
Vocational Rehabilitation	2,723,600	2,270,400	2,383,800
Department for the Blind	3,630,700	3,292,200	3,404,900
State Board for Proprietary Education	98,100	102,100	106,100
Training and Reemployment	17,500	17,500	17,500
Employment Services	2,759,500	5,637,200	5,762,000
<b>Total</b>	<b>48,408,700</b>	<b>52,881,500</b>	<b>54,593,600</b>
<b>Grand Total - EXECUTIVE BRANCH</b>	<b>2,539,246,600</b>	<b>2,448,769,300</b>	<b>2,500,595,800</b>
Legislative Branch	2,215,000	240,000	190,000
Judicial Branch	2,151,700	2,034,700	2,040,800
<b>Grand Total - STATE GOVERNMENT</b>	<b>2,543,613,300</b>	<b>2,451,044,000</b>	<b>2,502,826,600</b>

## FEDERAL FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Attorney General	1,223,200	1,213,400	1,268,400
Unified Prosecutorial System			
Commonwealth's Attorneys	313,000	331,100	342,100
Agriculture	1,396,300	1,311,900	1,357,900
Military Affairs	22,906,100	9,085,300	9,148,100
Local Government	36,957,400	38,756,500	38,652,500
Commission on Human Rights	160,700	186,400	186,400
<b>Total</b>	<b>62,956,700</b>	<b>50,884,600</b>	<b>50,955,400</b>
<b>ECONOMIC DEVELOPMENT</b>			
Community Development	1,079,900	1,079,900	319,900
<b>EDUCATION</b>			
Executive Policy and Management	484,300	484,300	484,300
Management Support Services	129,797,400	129,923,000	130,020,400
Learning Results Services	2,297,200	2,306,600	2,319,200
Learning Support Services	207,093,400	207,063,300	207,169,100
<b>Total</b>	<b>339,672,300</b>	<b>339,777,200</b>	<b>339,993,000</b>
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Kentucky Arts Council	960,400	605,400	509,200
Deaf and Hard of Hearing	200	200	200
Kentucky Heritage Council	802,100	802,100	802,100
Kentucky Educational Television	418,900		
Kentucky Historical Society	121,300	91,900	91,800
Libraries and Archives	2,657,800	2,518,400	2,536,300
<b>Total</b>	<b>4,960,700</b>	<b>4,018,000</b>	<b>3,939,600</b>
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	82,951,200	45,077,300	50,081,200
<b>HIGHER EDUCATION</b>			
Council on Higher Education	4,906,000	4,137,200	3,984,600
Kentucky Higher Education Assistance Authority	773,500	387,000	387,000
Universities			
Eastern Kentucky University	18,911,700	18,911,700	18,911,700
Kentucky State University	10,904,700	11,231,800	11,568,800
Morehead State University	14,284,900	14,284,900	14,284,900
Murray State University	6,587,700	6,587,700	6,587,700
Northern Kentucky University	4,873,700	4,873,700	4,873,700
University of Kentucky	75,060,400	76,686,700	78,372,100

## FEDERAL FUND - AVAILABLE

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
University of Kentucky Community College System	28,751,400	28,880,800	29,015,100
University of Louisville	24,981,600	24,981,600	24,981,600
Western Kentucky University	13,097,500	13,097,500	13,097,500
Subtotal	197,453,600	199,536,400	201,693,100
<b>Total</b>	203,133,100	204,060,600	206,064,700
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	98,339,200	101,551,800	107,539,400
Benefits	200,641,200	166,651,200	166,293,800
Subtotal	298,980,400	268,203,000	273,833,200
Social Services	144,176,700	146,627,900	148,776,100
Administration and Program Support	7,890,100	9,215,800	9,549,800
<b>Total</b>	451,047,200	424,046,700	432,159,100
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	44,408,500	33,464,100	34,174,600
Benefits	1,570,968,500	1,712,861,400	1,870,742,100
Subtotal	1,615,377,000	1,746,325,500	1,904,916,700
Health Services	138,617,200	140,841,400	143,769,600
Mental Health/Mental Retardation	27,212,900	27,745,100	26,452,300
Children with Special Health Care Needs	4,947,700	4,647,800	4,653,600
<b>Total</b>	1,786,154,800	1,919,559,800	2,079,792,200
<b>Total</b>	2,237,202,000	2,343,606,500	2,511,951,300
<b>JUSTICE</b>			
Justice Administration	3,650,300	4,441,500	4,618,000
State Police	7,407,700	8,163,600	9,077,100
Corrections			
Community Services and Local Facilities	542,500	10,500	
Corrections Management	56,000		
Adult Correctional Institutions	915,200	684,900	684,900
Subtotal	1,513,700	695,400	684,900
<b>Total</b>	12,571,700	13,300,500	14,380,000

## FEDERAL FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>LABOR</b>			
Workplace Standards	2,542,400	2,419,700	2,303,100
Kentucky Occupational Safety and Health Review Commission	178,600	169,700	161,200
<b>Total</b>	<u>2,721,000</u>	<u>2,589,400</u>	<u>2,464,300</u>
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	2,127,300	2,113,000	2,207,900
Environmental Protection	12,705,900	13,219,400	13,127,900
Natural Resources	2,707,700	2,627,100	2,323,500
Surface Mining Reclamation	14,553,900	14,724,800	15,093,400
Abandoned Mine Lands Reclamation Projects	22,455,800	22,455,800	22,455,800
Subtotal	<u>54,550,600</u>	<u>55,140,100</u>	<u>55,208,500</u>
Nature Preserves Commission	80,000	30,000	30,000
<b>Total</b>	<u>54,630,600</u>	<u>55,170,100</u>	<u>55,238,500</u>
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	355,500	355,500	355,500
Mines and Minerals	727,500	642,700	671,000
Public Advocacy	1,399,700	965,600	1,015,000
Public Service Commission	258,000	188,900	188,900
<b>Total</b>	<u>2,740,700</u>	<u>2,152,700</u>	<u>2,230,400</u>
<b>REVENUE</b>			
Tax Compliance	90,000	90,000	90,000
<b>TOURISM</b>			
Secretary	69,000		
Travel Development	25,000		
Parks	14,400	1,300	1,300
Fish and Wildlife Resources	600,000	6,426,400	6,701,600
<b>Total</b>	<u>708,400</u>	<u>6,427,700</u>	<u>6,702,900</u>
<b>TRANSPORTATION</b>			
Air Transportation	367,200	13,700	13,900
Rail Transportation	372,800		
Public Transportation	4,023,100	4,347,500	3,347,500
Highways	345,213,600	460,408,800	336,047,400
Vehicle Regulation	1,295,500	1,206,000	1,262,900
<b>Total</b>	<u>351,272,200</u>	<u>465,976,000</u>	<u>340,671,700</u>

# FEDERAL FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	10,174,800	8,519,900	6,516,100
Technical Education	21,657,800	17,995,100	18,207,400
Adult Education and Literacy	8,045,900	6,311,800	6,554,700
Vocational Rehabilitation	36,610,300	34,947,700	35,709,400
Department for the Blind	6,912,200	7,158,800	7,246,000
Governor's Council on Vocational Education	156,200	148,700	152,500
Job Training Coordinating Council	138,900	138,900	138,900
Training and Reemployment	34,645,800	24,214,900	23,584,200
Employment Services	265,702,600	264,284,500	268,204,700
<b>Total</b>	<b>384,044,500</b>	<b>363,720,300</b>	<b>366,313,900</b>
<b>Grand Total - EXECUTIVE BRANCH</b>	<b>3,740,735,000</b>	<b>3,897,930,800</b>	<b>3,951,396,800</b>
Legislative Branch	100	100	100
Judicial Branch	135,600	77,200	78,600
<b>Grand Total - STATE GOVERNMENT</b>	<b>3,740,870,700</b>	<b>3,898,008,100</b>	<b>3,951,475,500</b>

# FEDERAL FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Attorney General	1,223,200	1,213,400	1,268,400
Unified Prosecutorial System			
Commonwealth's Attorneys	312,400	331,100	342,100
Agriculture	1,315,700	1,231,300	1,277,300
Military Affairs	22,904,800	9,084,000	9,146,800
Local Government	36,957,400	38,756,500	38,652,500
Commission on Human Rights	125,000	150,700	150,700
<b>Total</b>	<b>62,838,500</b>	<b>50,767,000</b>	<b>50,837,800</b>
<b>ECONOMIC DEVELOPMENT</b>			
Community Development	1,058,000	1,068,000	318,000
<b>EDUCATION</b>			
Executive Policy and Management	484,300	484,300	484,300
Management Support Services	129,797,400	129,888,000	129,955,300
Learning Results Services	2,278,900	2,286,300	2,293,900
Learning Support Services	206,799,500	206,687,200	206,858,700
<b>Total</b>	<b>339,360,100</b>	<b>339,345,800</b>	<b>339,592,200</b>
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Kentucky Arts Council	864,200	605,400	509,200
Kentucky Heritage Council	792,200	792,200	792,200
Kentucky Educational Television	418,900		
Kentucky Historical Society	121,300	91,900	91,800
Libraries and Archives	2,657,600	2,518,400	2,536,300
<b>Total</b>	<b>4,854,200</b>	<b>4,007,900</b>	<b>3,929,500</b>
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	82,951,200	45,077,300	50,081,200
<b>HIGHER EDUCATION</b>			
Council on Higher Education	4,906,000	4,137,200	3,984,600
Kentucky Higher Education Assistance Authority	773,500	387,000	387,000
Universities			
Eastern Kentucky University	18,911,700	18,911,700	18,911,700
Kentucky State University	10,904,700	11,231,800	11,568,800
Morehead State University	14,284,900	14,284,900	14,284,900
Murray State University	6,587,700	6,587,700	6,587,700
Northern Kentucky University	4,873,700	4,873,700	4,873,700
University of Kentucky	75,060,400	76,686,700	78,372,100

## FEDERAL FUND - APPROPRIATED

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
University of Kentucky Community College System	28,751,400	28,880,800	29,015,100
University of Louisville	24,981,600	24,981,600	24,981,600
Western Kentucky University	13,097,500	13,097,500	13,097,500
Subtotal	197,453,600	199,536,400	201,693,100
<b>Total</b>	203,133,100	204,060,600	206,064,700
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	98,339,200	101,551,800	107,539,400
Benefits	200,641,200	166,651,200	166,293,800
Subtotal	298,980,400	268,203,000	273,833,200
Social Services	144,176,700	146,627,900	148,776,100
Administration and Program Support	7,890,100	9,215,800	9,549,800
<b>Total</b>	451,047,200	424,046,700	432,159,100
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	44,408,500	33,464,100	34,174,600
Benefits	1,570,968,500	1,712,861,400	1,870,742,100
Subtotal	1,615,377,000	1,746,325,500	1,904,916,700
Health Services	138,617,200	140,841,400	143,769,600
Mental Health/Mental Retardation	27,212,900	27,745,100	26,452,300
Children with Special Health Care Needs	4,947,700	4,647,800	4,653,600
<b>Total</b>	1,786,154,800	1,919,559,800	2,079,792,200
<b>Total</b>	2,237,202,000	2,343,606,500	2,511,951,300
<b>JUSTICE</b>			
Justice Administration	3,650,300	4,422,800	4,579,500
State Police	6,720,900	7,714,100	8,834,200
Corrections			
Community Services and Local Facilities	532,000	10,500	
Corrections Management	56,000		
Adult Correctional Institutions	876,000	645,700	645,700
Subtotal	1,464,000	656,200	645,700
<b>Total</b>	11,835,200	12,793,100	14,059,400



## FEDERAL FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>LABOR</b>			
Workplace Standards	2,542,400	2,419,700	2,303,100
Kentucky Occupational Safety and Health Review Commission	178,600	169,700	161,200
<b>Total</b>	<u>2,721,000</u>	<u>2,589,400</u>	<u>2,464,300</u>
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	2,127,300	2,113,000	2,207,900
Environmental Protection	12,705,900	13,219,400	13,127,900
Natural Resources	2,707,700	2,627,100	2,323,500
Surface Mining Reclamation	14,553,900	14,724,800	15,093,400
Abandoned Mine Lands Reclamation Projects	22,455,800	22,455,800	22,455,800
Subtotal	<u>54,550,600</u>	<u>55,140,100</u>	<u>55,208,500</u>
Nature Preserves Commission	80,000	30,000	30,000
<b>Total</b>	<u>54,630,600</u>	<u>55,170,100</u>	<u>55,238,500</u>
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	351,200	351,200	351,200
Mines and Minerals	727,500	642,700	671,000
Public Advocacy	1,399,700	965,600	1,015,000
Public Service Commission	209,200	140,100	140,100
<b>Total</b>	<u>2,687,600</u>	<u>2,099,600</u>	<u>2,177,300</u>
<b>REVENUE</b>			
Tax Compliance	90,000	90,000	90,000
<b>TOURISM</b>			
Secretary	69,000		
Travel Development	25,000		
Parks	13,100		
Fish and Wildlife Resources	600,000	6,426,400	6,701,600
<b>Total</b>	<u>707,100</u>	<u>6,426,400</u>	<u>6,701,600</u>
<b>TRANSPORTATION</b>			
Air Transportation	367,600	14,100	14,300
Rail Transportation	372,800		
Public Transportation	4,762,100	5,086,500	4,086,500
Highways	345,213,600	460,408,800	336,047,400
Vehicle Regulation	1,592,400	1,502,900	1,559,800
<b>Total</b>	<u>352,308,500</u>	<u>467,012,300</u>	<u>341,708,000</u>

# FEDERAL FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	10,110,300	8,394,000	5,915,200
Technical Education	21,657,800	17,995,100	18,207,400
Adult Education and Literacy	7,740,100	5,763,100	5,763,100
Vocational Rehabilitation	36,572,300	34,859,200	35,524,200
Department for the Blind	6,836,800	6,977,900	7,125,100
Governor's Council on Vocational Education	156,200	148,700	152,500
Job Training Coordinating Council	138,900	138,900	138,900
Training and Reemployment	34,645,800	24,214,900	23,584,200
Employment Services	265,702,600	264,284,500	268,204,700
<b>Total</b>	<b>383,560,800</b>	<b>362,776,300</b>	<b>364,615,300</b>
<b>Grand Total - EXECUTIVE BRANCH</b>	<b>3,739,937,900</b>	<b>3,896,890,300</b>	<b>3,949,829,100</b>
Legislative Branch	100	100	100
Judicial Branch	135,600	77,200	78,600
<b>Grand Total - STATE GOVERNMENT</b>	<b>3,740,073,600</b>	<b>3,896,967,600</b>	<b>3,949,907,800</b>

## ROAD FUND - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	125,000	125,000	125,000
Administration	246,000	246,000	246,000
<b>Total</b>	371,000	371,000	371,000
<b>JUSTICE</b>			
State Police	40,406,800	40,406,800	40,406,800
<b>REVENUE</b>			
Tax Compliance	1,091,900	1,065,900	1,037,300
Property Taxation	260,100	286,100	314,700
<b>Total</b>	1,352,000	1,352,000	1,352,000
<b>TRANSPORTATION</b>			
Revenue Sharing	238,575,300	197,876,200	203,462,500
Highways	427,916,700	513,800,600	505,706,500
Vehicle Regulation	22,935,100	22,710,800	24,934,900
Debt Service	159,869,400	161,284,300	152,330,100
General Administration and Support	50,426,200	51,358,500	52,868,000
Judgments	19,173,700		
<b>Total</b>	918,896,400	947,030,400	939,302,000
<b>Grand Total - EXECUTIVE BRANCH</b>	961,026,200	989,160,200	981,431,800
<b>Grand Total - STATE GOVERNMENT</b>	961,026,200	989,160,200	981,431,800

## ROAD FUND - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	125,000	125,000	125,000
Administration	246,000	246,000	246,000
<b>Total</b>	371,000	371,000	371,000
<b>JUSTICE</b>			
State Police	40,406,800	40,406,800	40,406,800
<b>REVENUE</b>			
Tax Compliance	1,091,900	1,065,900	1,037,300
Property Taxation	260,100	286,100	314,700
<b>Total</b>	1,352,000	1,352,000	1,352,000
<b>TRANSPORTATION</b>			
Revenue Sharing	238,575,300	197,876,200	203,462,500
Highways	427,916,700	513,800,600	505,706,500
Vehicle Regulation	22,935,100	22,710,800	24,934,900
Debt Service	159,869,400	161,284,300	152,330,100
General Administration and Support	50,426,200	51,358,500	52,868,000
Judgments	19,173,700		
<b>Total</b>	918,896,400	947,030,400	939,302,000
<b>Grand Total - EXECUTIVE BRANCH</b>	961,026,200	989,160,200	981,431,800
<b>Grand Total - STATE GOVERNMENT</b>	961,026,200	989,160,200	981,431,800

**BOND FUNDS**

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
<b>ECONOMIC DEVELOPMENT</b>			
Financial Incentives		6,000,000	
<b>EDUCATION, ARTS AND HUMANITIES</b>			
School Facilities Construction Commission		20,100,000	30,000,000
<b>FINANCE AND ADMINISTRATION</b>			
General Administration		30,000,000	30,000,000
Facilities Management		11,900,000	
<b>Total</b>		<b>41,900,000</b>	<b>30,000,000</b>
<b>HIGHER EDUCATION</b>			
Council on Higher Education		35,000,000	
<b>JUSTICE</b>			
State Police		3,150,000	
Corrections			
Corrections Management		27,962,000	
<b>Total</b>		<b>31,112,000</b>	
<b>PUBLIC PROTECTION AND REGULATION</b>			
Public Service Commission		4,684,000	
<b>Grand Total - EXECUTIVE BRANCH</b>		<b>138,796,000</b>	<b>60,000,000</b>
<b>Grand Total - STATE GOVERNMENT</b>		<b>138,796,000</b>	<b>60,000,000</b>

## INVESTMENT INCOME

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Military Affairs		1,000,000	1,110,000
<b>EDUCATION</b>			
Management Support Services		300,000	175,000
<b>FINANCE AND ADMINISTRATION</b>			
Facilities Management		24,652,000	1,000,000
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Services		250,000	
Administration and Program Support		550,000	550,000
<b>Total</b>		800,000	550,000
<b>HEALTH SERVICES</b>			
Mental Health/Mental Retardation		400,000	400,000
<b>Total</b>		1,200,000	950,000
<b>JUSTICE</b>			
State Police		175,000	175,000
Corrections			
Corrections Management		1,728,000	1,250,000
<b>Total</b>		1,903,000	1,425,000
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
Environmental Protection		500,000	500,000
<b>TOURISM</b>			
Parks		4,025,000	4,025,000
Kentucky Horse Park		375,000	275,000
Kentucky State Fair Board		300,000	300,000
<b>Total</b>		4,700,000	4,600,000
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support		1,250,000	1,250,000
<b>Grand Total - EXECUTIVE BRANCH</b>		35,505,000	11,010,000
<b>Grand Total - STATE GOVERNMENT</b>		35,505,000	11,010,000

**OTHER FUNDS**

<b>Cabinet / Agency</b>	<b>Revised FY 1996</b>	<b>Enacted FY 1997</b>	<b>Enacted FY 1998</b>
<b>EDUCATION</b>			
Management Support Services			3,500,000
<b>KENTUCKY LOTTERY CORPORATION</b>		24,200,000	2,500,000
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
Nature Preserves Commission		500,000	500,000
<b>Grand Total - EXECUTIVE BRANCH</b>		24,700,000	6,500,000
<b>Grand Total - STATE GOVERNMENT</b>		24,700,000	6,500,000

## CAPITAL CONSTRUCTION SURPLUS

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Kentucky Center for the Arts		500,000	
<b>FINANCE AND ADMINISTRATION</b>			
Facilities Management	3,000,000		
<b>TOURISM</b>			
Kentucky State Fair Board	2,000,000		
<b>Grand Total - EXECUTIVE BRANCH</b>	5,000,000	500,000	
<b>Grand Total - STATE GOVERNMENT</b>	5,000,000	500,000	



## ALL FUNDS - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Executive Office of the Governor			
Office of the Governor	3,933,700	6,535,100	6,794,100
Governor's Office for Policy and Management	2,340,900	2,386,200	2,548,600
State Planning Fund	225,000	500,000	500,000
Subtotal	6,499,600	9,421,300	9,842,700
Secretary of State	1,966,900	2,299,800	2,362,700
Board of Elections	3,994,700	3,242,100	3,276,400
Treasury	2,018,100	1,946,100	2,024,300
Attorney General	19,636,300	19,581,300	20,299,800
Unified Prosecutorial System			
Commonwealth's Attorneys	13,755,900	16,683,200	17,837,600
County Attorneys	13,692,200	15,126,500	15,821,300
Subtotal	27,448,100	31,809,700	33,658,900
Auditor of Public Accounts	7,391,800	7,792,300	7,894,500
Agriculture	18,949,900	21,028,600	22,309,200
Military Affairs	49,813,500	30,987,300	30,073,800
Personnel Board	463,100	499,700	496,600
Local Government	46,348,700	46,935,800	47,053,300
Special Funds	61,644,600	63,698,300	69,231,000
Commission on Human Rights	2,018,200	2,004,900	2,063,000
Commission on Women	183,700	188,200	181,000
Kentucky Retirement Systems	10,442,600	11,523,000	11,564,900
Registry of Election Finance	4,018,500	1,555,800	1,669,600
Boards and Commissions	22,540,800	23,819,300	23,578,100
Governmental Services Center	1,213,300	1,262,300	1,252,700
Capital Plaza Authority	880,000	815,800	732,800
Executive Branch Ethics Commission	207,100	247,500	258,300
Appropriations Not Otherwise Classified	3,622,500	3,645,500	3,846,500
Appropriations Not Otherwise Classified - Judgments	51,993,000	33,471,000	5,000,000
Veteran's Nursing Home	17,524,600	17,290,600	16,410,100
<b>Total</b>	360,819,600	335,066,200	315,080,200
<b>ECONOMIC DEVELOPMENT</b>			
Secretary	1,694,600	2,041,000	2,057,200
Administration and Support	1,932,800	2,044,000	2,037,900
Job Development	1,890,000	2,015,400	2,051,000
Financial Incentives	14,982,400	12,543,000	9,044,300
Debt Service	53,688,000	51,580,500	51,815,000
Community Development	5,481,600	4,481,600	3,773,900
<b>Total</b>	79,669,400	74,705,500	70,779,300

## ALL FUNDS - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION</b>			
SEEK	1,933,302,800	1,975,213,900	2,029,385,300
Executive Policy and Management	3,587,000	4,145,000	4,281,100
Management Support Services	349,866,600	394,141,800	413,791,800
Learning Results Services	57,640,500	33,508,800	33,754,800
Learning Support Services	366,052,700	370,532,400	373,254,000
<b>Total</b>	2,710,449,600	2,777,541,900	2,854,467,000
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Secretary	1,636,000	1,929,800	1,894,800
Kentucky Arts Council	4,614,200	4,286,000	4,721,400
Teachers' Retirement System	65,254,300	73,321,900	70,009,300
School Facilities Construction Commission	61,435,800	60,144,000	63,755,200
Deaf and Hard of Hearing	546,300	665,600	682,100
Kentucky Heritage Council	1,834,100	1,529,500	1,565,000
Kentucky Educational Television	18,108,200	17,572,300	18,053,800
Kentucky Historical Society	4,629,700	4,645,700	5,302,900
Libraries and Archives	16,936,700	17,249,400	17,389,500
Kentucky Center for the Arts	3,401,400	3,134,400	3,135,400
Environmental Education Council	190,000	190,000	190,000
<b>Total</b>	178,586,700	184,668,600	186,699,400
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	168,342,200	140,615,000	158,677,300
Administration	22,271,200	23,512,900	24,712,500
Facilities Management	36,714,400	36,384,500	36,731,400
Information Systems	34,619,900	36,002,300	36,804,700
<b>Total</b>	261,947,700	236,514,700	256,925,900
<b>HIGHER EDUCATION</b>			
Council on Higher Education	15,079,100	12,903,500	14,358,500
Kentucky Higher Education Assistance Authority	40,478,000	40,359,400	42,373,200
Universities			
Eastern Kentucky University	151,756,900	157,030,500	163,884,700
Kentucky State University	40,431,500	41,573,100	42,445,300
Morehead State University	80,797,000	81,831,600	83,234,100
Murray State University	83,653,700	86,073,700	88,697,400
Northern Kentucky University	78,599,900	81,132,600	83,298,000
University of Kentucky	824,886,700	849,260,600	872,348,600
University of Kentucky Community College System	168,941,300	176,733,700	182,993,800
University of Louisville	361,702,400	370,291,100	377,196,300
Western Kentucky University	119,551,200	122,773,100	125,525,700
Subtotal	1,910,320,600	1,966,700,000	2,019,623,900
<b>Total</b>	1,965,877,700	2,019,962,900	2,076,355,600

## ALL FUNDS - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	174,433,200	185,528,600	196,280,800
Benefits	306,734,900	259,951,600	256,255,400
Subtotal	481,168,100	445,480,200	452,536,200
Social Services	293,726,900	323,718,700	340,403,000
Administration and Program Support	38,305,900	36,885,500	37,272,300
<b>Total</b>	813,200,900	806,084,400	830,211,500
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	64,929,400	47,710,500	48,758,100
Benefits	2,241,462,200	2,447,668,700	2,669,057,100
Subtotal	2,306,391,600	2,495,379,200	2,717,815,200
Health Services	205,219,900	204,159,900	208,443,400
Mental Health/Mental Retardation	252,883,000	268,138,800	276,319,400
Children with Special Health Care Needs	20,041,800	17,272,900	15,460,700
Health Care Policy Board	4,596,200	3,578,600	3,600,900
Health Care Purchasing Alliance	3,060,400	4,824,900	4,866,100
<b>Total</b>	2,792,192,900	2,993,354,300	3,226,505,700
<b>Total</b>	3,605,393,800	3,799,438,700	4,056,717,200
<b>JUSTICE</b>			
Justice Administration	13,348,100	15,856,800	17,582,100
State Police	96,845,200	103,477,700	111,228,400
Criminal Justice Training	22,138,900	22,267,200	21,831,100
Corrections			
Community Services and Local Facilities	42,940,500	46,393,300	49,411,800
Corrections Management	24,795,200	24,831,600	28,349,300
Adult Correctional Institutions	147,649,300	158,180,200	172,919,400
Local Jail Support	14,908,200	15,208,200	14,708,200
Subtotal	230,293,200	244,613,300	265,388,700
<b>Total</b>	362,625,400	386,215,000	416,030,300
<b>LABOR</b>			
General Administration and Support	3,679,900	4,042,600	4,110,800
Workplace Standards	175,996,600	185,951,600	203,488,600

## ALL FUNDS - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
Workers' Claims	9,822,200	10,159,800	10,614,200
Kentucky Occupational Safety and Health Review Commission	452,000	442,400	454,800
<b>Total</b>	<u>189,950,700</u>	<u>200,596,400</u>	<u>218,668,400</u>
 Kentucky Workers' Compensation Funding Commission	 484,504,500	 451,636,000	 410,936,700
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	10,982,200	10,607,200	10,781,200
Environmental Protection	58,654,500	57,931,000	55,136,700
Natural Resources	19,894,000	19,676,200	19,147,800
Surface Mining Reclamation	55,281,900	53,134,100	52,113,000
Abandoned Mine Lands Reclamation Projects	22,455,800	22,455,800	22,455,800
Subtotal	<u>167,268,400</u>	<u>163,804,300</u>	<u>159,634,500</u>
 Kentucky River Authority	 1,423,000	 1,307,200	 1,005,700
Environmental Quality Commission	218,700	210,900	234,900
Nature Preserves Commission	1,920,100	1,666,500	1,368,500
PSTEAFc	96,195,300	116,417,200	127,593,200
<b>Total</b>	<u>267,025,500</u>	<u>283,406,100</u>	<u>289,836,800</u>
<b>PERSONNEL</b>			
Personnel	25,266,600	28,044,300	29,815,900
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	2,402,000	2,432,700	2,473,900
Alcoholic Beverage Control	2,329,100	2,222,300	2,339,200
Financial Institutions	14,569,000	17,964,900	18,593,900
Kentucky Racing Commission	19,337,800	18,086,500	16,518,400
Housing, Buildings, and Construction	34,954,000	35,098,900	40,558,200
Insurance	12,445,800	12,990,100	13,239,300
Mines and Minerals	11,861,400	10,893,800	11,323,300
Public Advocacy	17,843,700	17,631,900	18,244,000
Public Service Commission	8,278,400	7,486,300	7,481,400
Office of the Secretary	303,700	319,100	335,400
Board of Tax Appeals	447,300	529,800	541,200
<b>Total</b>	<u>124,772,200</u>	<u>125,656,300</u>	<u>131,648,200</u>
<b>REVENUE</b>			
Administrative Services	25,675,300	27,350,100	28,354,500
Tax Compliance	23,591,200	24,897,300	25,861,800
Property Taxation	7,541,100	7,937,500	7,899,200
Property Valuation Administrators	20,984,400	22,222,000	22,924,700
<b>Total</b>	<u>77,792,000</u>	<u>82,406,900</u>	<u>85,040,200</u>

## ALL FUNDS - AVAILABLE

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>TOURISM</b>			
Secretary	1,258,100	1,223,900	1,288,900
Breaks Interstate Park	170,000	170,000	170,000
Travel Development	6,230,300	6,292,000	6,384,100
Parks	72,962,200	76,022,500	77,887,200
Kentucky Horse Park	6,589,000	6,890,000	7,172,000
Kentucky State Fair Board	34,975,900	37,337,900	38,171,700
Fish and Wildlife Resources	32,055,200	32,993,400	34,484,600
<b>Total</b>	154,240,700	160,929,700	165,558,500
<b>TRANSPORTATION</b>			
Air Transportation	5,433,700	5,184,800	5,095,000
Revenue Sharing	238,575,300	197,876,200	203,462,500
Rail Transportation	455,700	64,600	66,800
Public Transportation	7,671,400	8,976,400	7,285,400
Highways	1,072,890,700	1,026,217,200	852,076,300
Vehicle Regulation	28,017,700	27,145,200	29,366,200
Debt Service	159,869,400	161,284,300	152,330,100
General Administration and Support	70,316,000	72,555,800	74,481,800
Judgments	19,173,700		
<b>Total</b>	1,602,403,600	1,499,304,500	1,324,164,100
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	22,359,700	20,801,100	19,102,400
State Board for Adult and Technical Education	33,600	33,600	33,600
Technical Education	120,819,200	122,034,100	124,469,000
Adult Education and Literacy	20,136,600	17,356,600	17,506,100
Vocational Rehabilitation	48,114,500	46,314,100	47,375,200
Department for the Blind	12,577,000	12,547,000	12,844,700
Governor's Council on Vocational Education	156,200	148,700	152,500
State Board for Proprietary Education	236,800	249,700	258,600
Job Training Coordinating Council	138,900	138,900	138,900
Teachers' Retirement - Employers' Contribution	8,652,000	8,822,500	9,266,100
Training and Reemployment	34,763,300	24,232,400	23,601,700
Employment Services	270,432,300	270,472,600	274,549,500
<b>Total</b>	538,420,100	523,151,300	529,298,300
Budget Reserve Trust Fund	200,000,000	200,000,000	200,000,000
<b>Grand Total - EXECUTIVE BRANCH</b>	13,189,745,800	13,369,245,000	13,618,022,000
Legislative Branch	40,350,600	34,230,200	40,918,400
Judicial Branch	119,846,100	128,810,700	137,000,700
Capital Construction	126,261,600	823,973,000	212,847,500
<b>Grand Total - STATE GOVERNMENT</b>	13,476,204,100	14,356,258,900	14,008,788,600

## ALL FUNDS - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>GOVERNMENT OPERATIONS</b>			
Executive Office of the Governor			
Office of the Governor	3,900,600	6,502,000	6,761,000
Governor's Office for Policy and Management	2,223,700	2,309,000	2,511,400
State Planning Fund	225,000	500,000	500,000
Subtotal	6,349,300	9,311,000	9,772,400
Secretary of State	1,927,400	2,260,300	2,323,200
Board of Elections	3,990,800	3,238,200	3,272,500
Treasury	1,974,000	1,946,100	2,024,300
Attorney General	19,001,500	19,142,500	20,062,300
Unified Prosecutorial System			
Commonwealth's Attorneys	13,692,500	16,630,400	17,794,800
County Attorneys	13,691,500	15,126,100	15,821,200
Subtotal	27,384,000	31,756,500	33,616,000
Auditor of Public Accounts	6,976,400	7,548,000	7,880,900
Agriculture	16,875,500	18,722,400	19,756,800
Military Affairs	47,645,500	29,805,300	30,000,800
Personnel Board	455,100	490,700	486,600
Local Government	44,465,700	45,037,700	45,150,400
Special Funds	61,644,600	63,698,300	69,231,000
Commission on Human Rights	1,907,300	1,945,800	2,027,300
Commission on Women	170,200	181,400	181,000
Kentucky Retirement Systems	10,442,600	11,523,000	11,564,900
Registry of Election Finance	3,774,300	1,285,600	1,331,300
Boards and Commissions	9,876,500	10,319,900	10,763,500
Governmental Services Center	1,151,000	1,209,600	1,252,700
Capital Plaza Authority	688,000	706,800	725,800
Executive Branch Ethics Commission	207,100	247,500	258,300
Appropriations Not Otherwise Classified	3,622,500	3,645,500	3,846,500
Appropriations Not Otherwise Classified - Judgments	51,993,000	33,471,000	5,000,000
Veteran's Nursing Home	14,314,200	15,382,800	16,017,300
<b>Total</b>	336,836,500	312,875,900	296,545,800
<b>ECONOMIC DEVELOPMENT</b>			
Secretary	1,694,600	2,041,000	2,057,200
Administration and Support	1,831,100	1,986,500	2,037,900
Job Development	1,890,000	2,015,400	2,051,000
Financial Incentives	14,148,700	12,049,100	9,016,300
Debt Service	53,688,000	51,580,500	51,815,000
Community Development	5,427,000	4,445,000	3,761,600
<b>Total</b>	78,679,400	74,117,500	70,739,000

## ALL FUNDS - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>EDUCATION</b>			
SEEK	1,933,302,800	1,975,213,900	2,029,385,300
Executive Policy and Management	3,525,500	4,016,100	4,085,600
Management Support Services	348,989,900	393,118,000	412,658,100
Learning Results Services	57,516,200	33,392,500	33,656,600
Learning Support Services	365,515,000	369,970,100	372,783,100
<b>Total</b>	2,708,849,400	2,775,710,600	2,852,568,700
<b>EDUCATION, ARTS AND HUMANITIES</b>			
Secretary	1,636,000	1,929,800	1,894,800
Kentucky Arts Council	4,456,700	4,286,000	4,721,400
Teachers' Retirement System	65,254,300	73,321,900	70,009,300
School Facilities Construction Commission	61,435,800	60,144,000	63,755,200
Deaf and Hard of Hearing	541,500	660,800	677,300
Kentucky Heritage Council	1,702,700	1,519,600	1,555,100
Kentucky Educational Television	17,118,800	17,074,000	18,046,800
Kentucky Historical Society	4,365,700	4,606,200	5,263,400
Libraries and Archives	16,469,100	16,807,500	16,952,100
Kentucky Center for the Arts	3,401,400	3,134,400	3,135,400
Environmental Education Council	150,000	150,000	150,000
<b>Total</b>	176,532,000	183,634,200	186,160,800
<b>FINANCE AND ADMINISTRATION</b>			
General Administration	168,691,400	131,052,600	138,931,800
Administration	19,510,000	20,480,500	21,355,300
Facilities Management	33,230,000	34,008,000	35,655,000
Information Systems	34,619,900	36,002,300	36,804,700
<b>Total</b>	256,051,300	221,543,400	232,746,800
<b>HIGHER EDUCATION</b>			
Council on Higher Education	15,079,100	12,903,500	14,358,500
Kentucky Higher Education Assistance Authority	40,478,000	40,359,400	42,373,200
Universities			
Eastern Kentucky University	151,756,900	157,030,500	163,884,700
Kentucky State University	40,431,500	41,573,100	42,445,300
Morehead State University	80,797,000	81,831,600	83,234,100
Murray State University	83,653,700	86,073,700	88,697,400
Northern Kentucky University	78,599,900	81,132,600	83,298,000
University of Kentucky	824,886,700	849,260,600	872,348,600
University of Kentucky Community College System	168,941,300	176,733,700	182,993,800
University of Louisville	361,702,400	370,291,100	377,196,300
Western Kentucky University	119,551,200	122,773,100	125,525,700
Subtotal	1,910,320,600	1,966,700,000	2,019,623,900
<b>Total</b>	1,965,877,700	2,019,962,900	2,076,355,600

## ALL FUNDS - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>HUMAN SERVICES</b>			
<b>FAMILIES AND CHILDREN</b>			
Social Insurance			
Administration	174,433,200	185,528,600	196,280,800
Benefits	306,734,900	259,951,600	256,255,400
Subtotal	481,168,100	445,480,200	452,536,200
Social Services	293,726,900	323,718,700	340,403,000
Administration and Program Support	36,722,200	36,463,800	37,272,300
<b>Total</b>	811,617,200	805,662,700	830,211,500
<b>HEALTH SERVICES</b>			
Medicaid Services			
Administration	64,929,400	47,710,500	48,758,100
Benefits	2,240,400,000	2,442,060,700	2,669,057,100
Subtotal	2,305,329,400	2,489,771,200	2,717,815,200
Health Services	204,689,800	203,629,800	207,913,300
Mental Health/Mental Retardation	250,132,800	266,085,600	274,266,200
Children with Special Health Care Needs	15,875,900	15,282,100	15,460,700
Health Care Policy Board	4,596,200	3,578,600	3,600,900
Health Care Purchasing Alliance	3,060,400	4,824,900	4,866,100
<b>Total</b>	2,783,684,500	2,983,172,200	3,223,922,400
<b>Total</b>	3,595,301,700	3,788,834,900	4,054,133,900
<b>JUSTICE</b>			
Justice Administration	11,294,400	13,236,100	14,338,400
State Police	94,729,400	102,082,100	110,073,400
Criminal Justice Training	19,696,800	20,264,000	21,045,400
Corrections			
Community Services and Local Facilities	42,911,400	46,385,700	49,400,200
Corrections Management	24,794,800	24,831,200	28,348,900
Adult Correctional Institutions	145,711,600	157,035,300	171,438,600
Local Jail Support	14,908,200	15,208,200	14,708,200
Subtotal	228,326,000	243,460,400	263,895,900
<b>Total</b>	354,046,600	379,042,600	409,353,100
<b>LABOR</b>			
General Administration and Support	3,679,900	4,042,600	4,110,800
Workplace Standards	171,996,600	181,951,600	199,488,600



## ALL FUNDS - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
Workers' Claims	9,822,200	10,159,800	10,614,200
Kentucky Occupational Safety and Health Review Commission	452,000	442,400	454,800
<b>Total</b>	185,950,700	196,596,400	214,668,400
 Kentucky Workers' Compensation Funding Commission	 188,641,800	 196,369,800	 214,475,200
<b>NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION</b>			
General Administration and Support	10,484,700	10,360,800	10,781,200
Environmental Protection	48,260,900	51,567,100	51,284,400
Natural Resources	18,193,700	18,734,400	19,147,800
Surface Mining Reclamation	31,275,100	30,935,000	31,632,300
Abandoned Mine Lands Reclamation Projects	22,455,800	22,455,800	22,455,800
Subtotal	130,670,200	134,053,100	135,301,500
 Kentucky River Authority	 1,117,200	 1,302,900	 996,900
Environmental Quality Commission	218,700	210,900	234,900
Nature Preserves Commission	1,268,800	1,292,900	1,223,300
PSTEAFIC	22,812,400	31,882,400	41,012,300
<b>Total</b>	156,087,300	168,742,200	178,768,900
<b>PERSONNEL</b>			
Personnel	24,097,700	26,489,100	27,679,800
<b>PUBLIC PROTECTION AND REGULATION</b>			
Board of Claims/Crime Victims Compensation	2,037,800	2,087,500	2,115,700
Alcoholic Beverage Control	1,936,200	2,129,400	2,216,700
Financial Institutions	6,560,200	9,232,800	9,385,500
Kentucky Racing Commission	15,999,600	16,134,900	16,318,300
Housing, Buildings, and Construction	29,682,500	24,430,000	24,815,100
Insurance	10,445,800	10,990,100	11,219,600
Mines and Minerals	10,391,000	10,893,800	11,323,300
Public Advocacy	16,814,800	16,514,200	17,077,500
Public Service Commission	7,454,300	7,428,200	7,423,300
Office of the Secretary	303,700	319,100	335,400
Board of Tax Appeals	447,300	529,800	541,200
<b>Total</b>	102,073,200	100,689,800	102,771,600
<b>REVENUE</b>			
Administrative Services	25,509,300	27,186,600	28,248,500
Tax Compliance	22,897,400	24,668,000	25,820,700
Property Taxation	6,687,200	7,424,900	7,677,900
Property Valuation Administrators	20,002,800	21,542,000	22,554,600
<b>Total</b>	75,096,700	80,821,500	84,301,700

## ALL FUNDS - APPROPRIATED

Cabinet / Agency	Revised FY 1996	Enacted FY 1997	Enacted FY 1998
<b>TOURISM</b>			
Secretary	1,258,100	1,223,900	1,288,900
Breaks Interstate Park	170,000	170,000	170,000
Travel Development	6,220,200	6,292,000	6,384,100
Parks	71,692,100	74,021,200	75,885,900
Kentucky Horse Park	6,414,000	6,647,700	6,866,000
Kentucky State Fair Board	31,718,100	33,668,500	33,980,500
Fish and Wildlife Resources	25,488,200	25,210,400	26,029,800
<b>Total</b>	<b>142,960,700</b>	<b>147,233,700</b>	<b>150,605,200</b>
<b>TRANSPORTATION</b>			
Air Transportation	5,395,100	5,146,200	5,056,400
Revenue Sharing	238,575,300	197,876,200	203,462,500
Rail Transportation	455,700	64,600	66,800
Public Transportation	8,410,400	9,715,400	8,024,400
Highways	1,035,077,700	1,024,238,200	852,076,300
Vehicle Regulation	27,221,200	26,431,600	28,774,700
Debt Service	159,869,400	161,284,300	152,330,100
General Administration and Support	68,873,700	71,877,000	73,946,200
Judgments	19,173,700		
<b>Total</b>	<b>1,563,052,200</b>	<b>1,496,633,500</b>	<b>1,323,737,400</b>
<b>WORKFORCE DEVELOPMENT</b>			
General Administration and Program Support	22,220,900	20,588,500	18,402,500
State Board for Adult and Technical Education	33,600	33,600	33,600
Technical Education	118,243,900	121,068,000	124,461,000
Adult Education and Literacy	19,690,600	16,724,500	16,690,400
Vocational Rehabilitation	47,556,800	45,865,500	47,080,700
Department for the Blind	12,168,100	12,013,900	12,322,700
Governor's Council on Vocational Education	156,200	148,700	152,500
State Board for Proprietary Education	98,100	102,100	106,100
Job Training Coordinating Council	138,900	138,900	138,900
Teachers' Retirement - Employers' Contribution	8,652,000	8,822,500	9,266,100
Training and Reemployment	34,763,300	24,232,400	23,601,700
Employment Services	270,422,600	270,472,600	274,549,500
<b>Total</b>	<b>534,145,000</b>	<b>520,211,200</b>	<b>526,805,700</b>
Budget Reserve Trust Fund	200,000,000	200,000,000	200,000,000
<b>Grand Total - EXECUTIVE BRANCH</b>	<b>12,644,279,900</b>	<b>12,889,509,200</b>	<b>13,202,417,600</b>
Legislative Branch	39,649,400	33,529,000	40,217,200
Judicial Branch	119,019,700	128,397,300	137,000,700
Capital Construction	126,261,600	823,973,000	212,847,500
<b>Grand Total - STATE GOVERNMENT</b>	<b>12,929,210,600</b>	<b>13,875,408,500</b>	<b>13,592,483,000</b>

**Maximum Number of Permanent, Full-Time Executive Branch  
Employees Authorized in the 1996-98 Budget of the Commonwealth**

<b>Cabinet/Department</b>	<b>1996-98 Permanent Full-Time Total</b>
Economic Development	119
Education, Arts and Humanities	
Department of Education	778
Arts and Humanities	420
Subtotal - Education, Arts and Humanities	1,198
Finance and Administration (related entities)	1,515
Higher Education	172
Human Services	
Families and Children	6,199
Health Services	3,574
Subtotal - Human Services	9,770
Justice	5,438
Labor	522
Natural Resources and Environmental Protection	1,653
Personnel	138
Public Protection and Regulation	1,016
Revenue	1,050
Tourism	1,614
Transportation	5,820
Workforce Development	3,647
Government Operations	
Executive Office of the Governor	124
Secretary of State	37
Board of Elections	20
State Treasurer	35
Attorney General	249
Unified Prosecutorial System	405
Auditor of Public Accounts	148
Agriculture	288
Subtotal - Constitutional Officers	1,306
Registry of Election Finance	17
Military Affairs	266
Local Government	60
Personnel Board	6
Boards and Commissions	84
Executive Branch Ethics Commission	2
Human Rights Commission	35
Commission on Women	3
Kentucky Retirement System	122
Subtotal - Government Operations	1,901
<b>Executive Branch Total</b>	<b>35,576</b>

# COMMONWEALTH OF KENTUCKY

Paul E. Patton, Governor

## CAPITAL FINANCING ANALYSIS FY 1996-1998 ENACTED BUDGET Complete through June 1, 1996

John P. McCarty, Secretary  
Finance and Administration Cabinet

Gordon L. Mullis, Jr., Executive Director  
Office of Financial Management and Economic Analysis

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## ***ASSUMPTIONS***

The Commonwealth of Kentucky's Capital Financing Analysis for the FY1996-1998 Enacted Budget is premised on the following assumptions:

- General Fund Revenue Estimates revised as of April 19, 1996.
- Agency Fund Revenue is based on actual FY1995 Agency Fund Revenue with an implied growth rate equal to the growth rate of the General Fund.

FY1996	=	2.23%
FY1997	=	4.07%
FY1998	=	4.44%

- Road Fund Revenue is based on the January 10, 1996 official estimate.
- Data Tables reflect all authorized debt issued by June 30, 1998.
- Data Tables reflect no additional debt authorization beyond what is presently authorized through June 30, 1998.

## ***EXECUTIVE SUMMARY***

The 1996 Kentucky General Assembly enacted \$210.2 million in new debt financed projects for the Commonwealth of Kentucky. The authorization for the 1996-98 biennium is compared to previous biennia in Table 1 and is described in more detail in Appendix D.

The "Capital Financing Analysis" provides an overview of the structure of debt issuance in the Commonwealth and historical information about the status of the debt program. The debt position of the Commonwealth has improved by virtually all analytical measures. The external reviews of the Commonwealth continue to describe its debt program as moderate, manageable and reasonable. This view has been enhanced by the use of consensus forecasting to produce revenue estimates; the creation, codification and increased funding of a Budget Reserve Trust Fund; and the prudent use of debt financing.

**Table 1**  
**DEBT AUTHORIZED BY RECENT**  
**SESSIONS OF THE**  
**GENERAL ASSEMBLY**

<b><u>Fiscal Year</u></b>	<b><u>Principal Debt Authorized</u></b>
1980	\$ 689,312,400
1982	534,024,000
1984	535,929,000
1986	494,721,100
1988	364,171,900
1990	1,148,218,400
1992	439,375,100
1994*	429,575,900
1996**	210,189,000

\* This includes debt authorized in the Extraordinary Session of the General Assembly and debt authorized by the Surplus Expenditure Plan.

\*\*Enacted in the 1996-98 Budget of the Commonwealth.

Includes all new authorized debt and all reauthorized debt for the 1996-98 biennium.

Reauthorized: \$69,393,000 General Fund and \$2,000,000 Agency Fund

New Authorization: \$103,796,000 General Fund and \$35,000,000 Agency Fund

\*\*Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA Leveraging).

Pursuant to KRS 56.870(3), legislative authorization is required when revolving fund repayments are used to support bonds.

## ***DEBT CAPACITY ANALYSIS***

### **Purpose**

This report, consistent with the requirements of KRS Chapter 42.410, provides a review of pertinent historical information about the Commonwealth's debt, debt management goals and an analysis of Governor Paul E. Patton's capital financing plan for the Commonwealth for the 1996-98 biennium. The General Assembly's recommendation of authorized debt for new projects for FY97 and FY98 is evaluated against various measures of debt affordability and previous biennial authorizations.

The goals of the debt management program of the Commonwealth are:

1. Maintain debt at levels that eliminate questions concerning the state's willingness or ability to make timely payments on appropriation supported debt.
2. Maintain debt at relatively constant or declining levels when compared to various indicators of wealth (assuming the indicators are stable over time as well).
3. Issue debt only for those projects that will provide benefits equal to or longer than the amortization period of the debt.
4. Maintain or improve the state's current A+/A/A+ State Property and Buildings Commission debt rating.
5. Use debt to finance projects prudently, without neglecting the capital investment needs of the state.
6. Continually strive to reduce the expense of debt through ongoing management of outstanding debt and analysis of low-cost alternatives.
7. Use tax-exempt rather than taxable funding sources for project financing or operating funds whenever possible to minimize overall governmental operational costs.

These goals continue to be important to the view that outside entities take of the use of debt by the Commonwealth and provide an appropriate backdrop for any discussions about long-term capital expenditures.



## **Structure**

The Commonwealth's indebtedness is classified as either appropriation supported or non-appropriation supported debt.

**Appropriation supported debt** carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a project revenue obligation of one of its debt-issuing agencies created by the Kentucky General Assembly to finance various projects and is subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth currently has no general obligation bonds outstanding.

Project revenue bonds are issued by various debt-issuing authorities of the Commonwealth (Chart 1).

These bonds pledge, as security for repayment of the debt, the revenues produced by the projects funded by the debt. Project revenue bonds are not a direct obligation of the Commonwealth. Project revenue bonds are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of payment.

**Non-appropriation or moral obligation debt** carries the name of the Commonwealth for the benefit and convenience of other entities within the state. The bonds are special obligations of the issuer, secured and payable solely from the sources pledged for the payment thereof and do not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of bonds. Although, in the event of a shortfall, the issuer covenants to request from the Governor and the General Assembly sufficient amounts to pay debt service.

## **Definitions**

**Total debt service** is defined as all debt service appropriated by the General Assembly. This includes debt service on all bond issues of the State Property and Buildings Commission, state universities (consolidated educational buildings revenue bonds, hospital revenue bonds, community college revenue bonds, and housing and dining system revenue bonds), the Turnpike Authority of Kentucky, and the state appropriation supported portion of both the School Facilities Construction Commission and the Kentucky Infrastructure Authority.

**Revenue** is defined to include the General Fund, Road Fund and Agency Fund and is reported on an actual cash (budgetary) basis. Although the state adopted a modified accrual basis of accounting in 1983, the use of the cash basis allows for an analysis of debt for a longer time period. Revenues for the General Fund and Road Fund for FY96, FY97 and FY98 are based

**CHART 1**  
**ACTIVE DEBT ISSUING ENTITIES**

<u>ENTITY</u>	<u>STATUTORY AUTHORITY/ PURPOSE</u>	<u>DEBT RATING LIMITATIONS</u>	<u>MOODY'S/S&amp;P</u>
State Property and Buildings Commission	<b>KRS 56.450</b> Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	A/A+
Turnpike Authority of Kentucky	<b>KRS 175.410-175.990</b> Construct, maintain, repair, and operate Turnpike projects, resource recovery roads and economic development roads.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	A/A
The State Universities (consisting of eight)	<b>KRS 56.495</b> Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriation of debt service by General Assembly.	Varies
Kentucky Housing Corporation  residents in the state.	<b>KRS 198A</b> Make low interest mortgage loans and construction loans to increase the supply of housing for low and moderate income	Limited to \$1.125 billion of debt outstanding.	Aaa/AAA
Kentucky Infrastructure Authority	<b>KRS 224A</b> Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Cannot incur debt without appropriation of debt service by General Assembly.	A/A
Kentucky Higher Education Student Loan Corporation	<b>KRS 164A</b> Make guaranteed student loans to residents of the state to attend post-secondary institutions and to make loans to students attending post-secondary schools within the state.	Limited to \$553 million of debt outstanding.	Aa/AA-
School Facilities Construction Commission	<b>KRS 157.800-157.895</b> Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly. However both rating agencies have agreed to rate all SFCC issues.	A-/A-
Kentucky Economic Development Finance Authority	<b>KRS 154I</b> Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the state.	None.	Varies
Kentucky Local Correctional Facilities Construction Authority	<b>KRS 441.605-441.695</b> Provide an alternative method of constructing, improving, repairing and financing local jails.	Limited to the level of debt service supported by court fees pledged as repayment for the bonds.	AAA (FSA Insured)
Kentucky Agricultural Finance Corporation	<b>KRS 247.940</b> Provide low interest loans to Kentucky farmers for the purpose of stimulating existing agricultural enterprises and the promotion of new agricultural ventures.	Limited to \$500 million of debt outstanding.	NA

and debt service upon the official forecast of the Consensus Forecasting Group revised to take into account the impact of any legislation enacted by the 1996 General Assembly. Agency Fund estimates are based upon preliminary actual results for FY95 and increased using the projected growth rate of the General Fund for the official forecast. Historical revenue figures levels were obtained from the Kentucky Comprehensive Annual Financial Report and the supplemental reports for the various years.

**Debt capacity** is the total amount of new asset bonds that can be supported by a calculated amount of state appropriations (assuming a long-term interest rate of 7.0 percent). Asset bonds equate to project costs plus cost of issuance. It assumes no debt service reserves, except in the case of university bonds, where asset bonds include debt service reserves.

### **Historical Information**

Table 2 shows the historical comparison of debt outstanding in current and constant dollars. While debt outstanding has increased over time in current dollars, using a constant dollar comparison shows that relative debt outstanding has actually declined. Significant historical notes include the 1987-88 Turnpike Authority program which included reserve funds which provide a positive return and the \$300 million issuance of Turnpike bonds in 1991. This was the first of three issues which totaled \$600 million in authorization. The final \$150 million of the \$600 million Turnpike program begun in FY91 was issued in FY95.

Adjusting for the impact of inflation shows that the estimated total debt outstanding at June 30, 1998 will be lower than at any time since FY90. In addition, there is a continuation of overall decline since FY95. The comparison takes into account all debt issued as of May 1, 1996 and assumes all authorized but unissued debt is issued by June 30, 1998.

Table 3 shows comparison of debt outstanding and required debt service as a percent of assessed property, personal income and on a per capita basis. Most comparisons show a modest decline. The exception is required debt service per capita. This shows the impact of both a moderate debt program and improvements in revenues and personal income growth over the biennium.

Table 4 shows the historical comparison of total appropriation required debt service as a percentage of total revenue which includes all authorized debt through FY98. The percentage shows an overall decline of 50 basis points from FY92 to FY96. This reflects both a prudent use of capital financing in recent years and generally strong revenue growth over the near term. These comparisons provide a sense of the cash flow impact of debt. This has become a key indicator of debt "health" for the Commonwealth and is used to assess the impact of any capital program. While there are no absolute measures, the Commonwealth has used debt service at 6 percent or less of total revenues as a target. This goal has been met through most of the 1990s and at June 30, 1996 the percentage is estimated at 5.64 percent. By comparison, the average percentage since 1967 has been 6.07 percent and the average for the period FY90-FY95 has been 5.66 percent. The highest percentage in the 1990s was 6.14 percent in FY92 reflecting the impact of the major capital program for the 1990-92 biennium. The slight increase for FY97 is the result of new debt for the Turnpike Authority issued in 1995.

Traditionally, the key comparisons have been those for the fiscal years at the conclusion of the biennium. Including all enacted initiatives for the 1996-98 biennium, there will be a significant decline as there is \$338.75 million in debt maturing during the 1996-98 biennium.

**Table 2**  
**APPROPRIATION SUPPORTED DEBT**  
**PRINCIPAL DEBT OUTSTANDING**  
**(000,000)**

<b><u>Fiscal Year</u></b>	<b><u>Current</u></b>	<b><u>Percent Change</u></b>	<b><u>Constant (1982-1984)</u></b>	<b><u>Percent Change</u></b>
1967	956.61		2,907.63	
1968	1,119.50	17.03	3,292.65	13.24
1969	1,228.10	9.70	3,440.06	4.48
1970	1,221.30	-0.55	3,230.95	-6.08
1971	1,538.10	25.94	3,874.31	19.91
1972	1,628.90	5.90	3,953.64	2.05
1973	1,611.00	-1.10	3,764.02	-4.80
1974	1,602.50	-0.53	3,431.48	-8.83
1975	1,618.70	1.01	3,124.90	-8.93
1976	1,583.10	-2.20	2,852.43	-8.72
1977	1,779.43	12.40	3,031.39	6.27
1978	1,785.85	0.36	2,852.80	-5.89
1979	2,005.69	12.31	2,928.01	2.64
1980	2,113.96	5.40	2,724.17	-6.96
1981	2,125.66	0.55	2,448.91	-10.10
1982	1,698.60	-20.09	1,801.27	-26.45
1983	1,781.79	4.90	1,812.60	0.63
1984	2,100.72	17.90	2,059.53	13.62
1985	2,098.89	-0.09	1,989.47	-3.40
1986	2,197.98	4.72	2,016.50	1.36
1987	2,627.29	19.53	2,360.55	17.06
1988	2,771.07	5.47	2,390.92	1.29
1989	2,726.69	-1.60	2,247.89	-5.98
1990	2,736.18	0.35	2,154.47	-4.16
1991	3,253.56	18.91	2,428.03	12.70
1992	3,537.60	8.73	2,557.92	5.35
1993	3,837.65	8.48	2,691.20	5.21
1994	3,785.78	-1.35	2,587.68	-3.85
1995	3,809.20	0.62	2,531.03	-2.19
1996	3,742.00	-1.76	2,383.44	-5.83
1997	3,646.44	-2.55	2,257.86	-5.27
1998*	3,403.25	-6.67	2,046.45	-9.36
1999	3,133.65	-7.92	1,834.69	-10.35
2000**	2,854.93	-8.89	1,628.60	-11.23

\* Assumes all authorized debt will be issued by June 30, 1998.

\*\* Assumes no additional debt authorized for the 1998-2000 biennium.

The recent trends in the comparisons indicate that the Commonwealth has adopted a cautious approach to the use of debt. This philosophy was rewarded by Standard and Poor's in 1995 by an upgrade in the debt of the State Property and Buildings Commission from A to A+. This was the first such upgrade for the Commonwealth's primary debt issuer. The change was premised on the prudent use of debt for improvements deemed beneficial to the Commonwealth. Improvement in education, corrections, roads and economic development, as well as the adoption of strong management principles including consensus revenue forecasting and the Budget Reserve Trust Fund, contributed to the upgrade. The Moody's and Fitch ratings for the State Property and Buildings Commission are A and A+, respectively. With the elimination of all outstanding general obligation debt, these factors become increasingly important with respect to how rating agencies and others view the Commonwealth's debt. These improvements have been noted and will continue to be factors in assessing the Commonwealth's bond issues in the market place.

**Table 3**  
**APPROPRIATION SUPPORTED DEBT**  
**KENTUCKY ECONOMIC DEBT INDICATORS**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b><u>Debt as a % of Assessed Property</u></b>	<b><u>Required Debt Service as a % of Assessed Property</u></b>	<b><u>Debt as a % of Personal Income</u></b>	<b><u>Required Debt Service as a % of Personal Income</u></b>	<b><u>Debt Per Capita</u></b>	<b><u>Required Debt Service Per Capita</u></b>
1978	2.83	0.21	7.44	0.56	494.01	37.15
1979	2.83	0.19	7.46	0.50	550.26	36.97
1980	2.57	0.19	7.19	0.53	577.58	42.83
1981	2.32	0.18	6.54	0.51	580.30	5.19
1982	1.70	0.17	4.97	0.50	463.46	6.57
1983	1.66	0.17	5.06	0.53	485.76	50.41
1984	1.84	0.18	5.44	0.52	572.40	54.77
1985	1.69	0.19	5.23	0.58	571.44	3.68
1986	1.66	0.19	5.24	0.59	598.09	67.31
1987	1.85	0.17	5.89	0.55	714.33	67.27
1988	1.78	0.18	5.78	0.58	753.01	75.46
1989	1.68	0.18	5.46	0.58	740.34	79.25
1990	1.51	0.17	5.13	0.57	742.52	82.61
1991	1.68	0.16	5.72	0.55	875.79	84.70
1992	1.71	0.19	5.74	0.64	942.86	105.13
1993	1.76	0.18	5.99	0.62	1,011.77	104.08
1994	1.69	0.18	5.57	0.58	989.49	103.49
1995	1.58	0.18	5.26	0.59	985.05	109.81
1996*	1.48	0.17	4.91	0.57	958.01	111.55
1997*	1.37	0.17	4.55	0.57	925.26	116.70
1998*	1.22	0.16	4.04	0.55	855.73	115.49

\*Estimated

**Table 4**  
**TOTAL APPROPRIATION SUPPORTED DEBT SERVICE**  
**AS A PERCENT OF REVENUE**  
**(000,000)**

<b><u>Fiscal Year</u></b>	<b><u>Total Revenue (\$)</u></b>	<b><u>Total Debt Service (\$)</u></b>	<b><u>Total Appropriation Required Debt Service/ Revenue (%)</u></b>
1967	612.16	49.18	8.03
1968	745.01	54.67	7.34
1969	932.33	67.01	7.19
1970	925.39	74.57	8.06
1971	1,055.46	73.36	6.95
1972	1,235.47	85.15	6.89
1973	1,349.80	91.18	6.75
1974	1,482.62	101.04	6.82
1975	1,733.88	117.18	6.76
1976	1,852.92	117.05	6.32
1977	1,995.62	117.57	5.89
1978	2,328.35	134.28	5.77
1979	2,732.90	134.77	4.93
1980	2,895.18	156.75	5.41
1981	3,099.47	165.54	5.34
1982	3,242.64	170.67	5.26
1983	3,452.40	184.89	5.36
1984	3,738.28	201.02	5.38
1985	3,959.25	233.91	5.91
1986	4,248.04	247.38	5.82
1987	4,933.93	247.42	5.01
1988	5,134.52	277.69	5.41
1989	5,407.11	291.89	5.40
1990	5,814.85	304.43	5.24
1991	6,143.23	314.66	5.12
1992	6,419.98	394.44	6.14
1993	6,578.18	394.76	6.00
1994	6,800.82	395.95	5.82
1995	7,554.79	424.65	5.62
1996	7,730.61	435.72	5.64
1997	8,023.44 *	459.93 **	5.73
1998	8,365.05 *	459.32 **	5.49

\* Estimated

\*\*Assumes all authorized debt will be issued by June 30, 1998.

## **Conclusion**

During this biennium, the Commonwealth has continued to review its debt and has taken advantage of any market change in which debt service savings can be affected. During the 1994-96 biennium \$234 million in bonds were refunded for a net present value savings of \$5 million. It is the Commonwealth's practice to take savings in relatively equal annual installments, consistent with its budgetary approach. In addition, the Commonwealth has instituted a master lease program in an effort to reduce the cost of equipment acquisition. The state consistently reviews innovative mechanisms which may allow the Commonwealth to better utilize its resources. Areas of focus for 1996-98 will be expanding the master lease program, more efficient use of receivable financing and operating cash management programs.

**Appendix A**  
**Economic Indicators**

**Appendix B**  
**Fiscal Debt Indicators**

**Appendix C**  
**Market Indicators**

**Appendix D**  
**New Debt Requested FY97 - FY98**



## *Appendix A*

### *Economic Indicators*

The following data reflects Kentucky's debt and debt service versus various economic indicators or measures of wealth. Appropriation supported debt and three categories of debt service are presented in terms of the economic variables of assessed property values, personal income and population.

Tables A-1, A-2 and A-3 show the annual debt and debt service in three different categories: required, appropriated and actual. "Required debt service" is the debt service that is actually due to the bondholders regardless of source of revenue. Debt service may be paid from interest earnings on the debt service reserve funds as well as by direct appropriations or project revenues. The "required debt service" category is the most accurate reflection of the Commonwealth's liability.

"Appropriated debt service" are those funds that were appropriated in the various budgets for debt service. In many cases, these figures are estimated in advance of debt being issued or refinanced. These figures are neither an accurate nor consistent reflection of the Commonwealth's debt liability and are presented pursuant to KRS 42.410.

"Actual debt service" are those funds which flowed through the Debt Service Fund within the state's accounting system. These figures include not only debt service but also proceeds from refundings, costs of issuance and accrued interest on newly issued bonds, rebate and arbitrage penalty payments and trustee fees. This data is not an accurate reflection of the Commonwealth's debt liability but is being presented pursuant to KRS 42.410.

Table A-4 reflects Kentucky's non-appropriation supported debt in relation to the economic variables of assessed property value, personal income and population. Non-appropriation supported debt is the debt of those authorities for which appropriation of state funds is not used to pay the debt service. The authorities include the Kentucky Higher Education Student Loan Corporation, Kentucky Housing Corporation, certain debt of the Kentucky Infrastructure Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Corporation and Kentucky Economic Development Finance Authority (formerly Kentucky Development Finance Authority). The total debt and debt service show a significant decrease in FY93 due to a change in reporting methodology. Project revenue debt is included for only the Kentucky Development Finance Authority (KDFA) Yen bonds issued in 1987 and debt of the Kentucky Local Correctional Facilities Construction Authority. The industrial development bonds (IDBs) of KDFA, the Kentucky Infrastructure Authority and the Kentucky Agricultural Finance Corporation are no longer included in the Comprehensive Annual Financial Report.

**Table A-1**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF ASSESSED PROPERTY**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b>Debt as a % of a % of Assessed Property</b>	<b>Required Debt Service as as a% of Assessed Property</b>	<b>Appropriated Debt Service a % of Assessed Property</b>	<b>Actual Debt Service as Assessed Property</b>
1986	1.66	0.19	0.17	0.28
1987	1.85	0.17	0.18	0.18
1988	1.78	0.18	0.18	0.16
1989	1.68	0.18	0.16	0.16
1990	1.51	0.17	0.17	0.15
1991	1.68	0.16	0.19	0.17
1992	1.71	0.19	0.21	0.20
1993	1.76	0.18	0.18	0.16
1994	1.69	0.18	0.19	0.18
1995	1.58	0.18	0.17	0.18

**Table A-2**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF PERSONAL INCOME**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b>Debt as a % of a % of Personal Income</b>	<b>Debt Service as as a% of Personal Income</b>	<b>Appropriated Debt Service a % of Personal Income</b>	<b>Actual Debt Service as Personal Income</b>
1986	5.24	0.59	0.53	0.90
1987	5.89	0.55	0.56	0.58
1988	5.78	0.58	0.57	0.51
1989	5.46	0.58	0.52	0.53
1990	5.13	0.57	0.59	0.52
1991	5.72	0.55	0.65	0.59
1992	5.74	0.64	0.71	0.67
1993	5.99	0.62	0.61	0.54
1994	5.57	0.58	0.64	0.58
1995	5.26	0.59	0.56	0.60

**Table A-3**  
**APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE**  
**AS A PERCENT OF POPULATION**  
**(Current Dollars)**

<b><u>Fiscal Year</u></b>	<b><u>Debt Per Capita (\$)</u></b>	<b><u>Required Debt Service Per Capita (\$)</u></b>	<b><u>Appropriated Debt Service Per Capita (\$)</u></b>	<b><u>Actual Debt Service Per Year Capita(\$)</u></b>
1986	598.09	67.31	60.48	102.21
1987	714.33	67.27	68.13	70.12
1988	753.01	75.46	74.10	65.98
1989	740.34	79.25	70.53	72.24
1990	742.52	82.61	84.75	74.83
1991	875.79	84.70	99.38	90.04
1992	942.86	105.13	116.26	110.19
1993	1,011.77	104.08	103.87	91.60
1994	989.49	103.49	113.98	103.57
1995	985.05	109.81	105.66	112.41

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**Table A-4**  
**NON-APPROPRIATION SUPPORTED DEBT**  
**KENTUCKY ECONOMIC DEBT INDICATORS**

<b><u>Fiscal Year</u></b>	<b><u>Debt as a % of Assessed Property</u></b>	<b><u>Debt as a % of Personal Income</u></b>	<b><u>Per Capita (\$) Debt</u></b>
1986	1.29	4.05	461.98
1987	1.24	3.96	479.97
1988	1.32	4.27	555.94
1989	1.37	4.45	602.72
1990	1.22	4.16	602.89
1991	1.29	4.41	674.63
1992	1.21	4.08	670.05
1993	0.64	2.17	367.35
1994	0.57	1.89	335.57
1995	0.55	1.82	341.07

## ***Appendix B***

### ***Fiscal Debt Indicators***

In the following table, total appropriated revenue is shown in terms of the three categories of debt service as described in Appendix A. Appropriated revenue is the revenue of the General Fund, Road Fund and Agency Fund. Table B-1 compares required appropriated and actual debt service to total revenue.

Table B-2 reflects the three categories of debt service in terms of "available appropriated revenues." This form of revenue is revenue from the same sources as described above less funds that are statutorily dedicated to a specific purpose. In the case of the General Fund, Base Court Revenue, Surface Mining County Acreage and Permit Fees, Local Government Economic Assistance Fund and Public Service Commission Administrative Assessments are subtracted from total General Fund receipts to the degree the expenditures can be identified in the Comprehensive Annual Financial Report. In the case of the Road Fund (Table B-3), the following receipts are subtracted: County Road Aid, Rural Secondary Road Aid, Municipal Road Aid within the Motor Fuels Normal and Motor Fuels Normal Use accounts, Kentucky Transportation Center Funds, Coal Haul Cooperative Agreements, Extended Weight and Coal Haul Fines, Drivers Education Program and Drivers License Photo Program.

The Agency Fund receipts include those agency funds that are actually applied to debt service. These include primarily the debt service for university housing and dining and hospital issues, and certain bonds of the Capital Plaza Authority, the Human Resources Cabinet (SPBC Project 31) and the Kentucky Fair Board.

**Table B-1**  
**APPROPRIATED DEBT SERVICE**  
**AS A PERCENT OF TOTAL REVENUE**  
**(Budget Basis)**

<b><u>Fiscal Year</u></b>	<b><u>Total Revenue (\$ millions)</u></b>	<b><u>Required Debt Service/ Revenue (%)</u></b>	<b><u>Appropriated Debt Service/ Revenue (%)</u></b>	<b><u>Actual Debt Service/ Revenue (%)</u></b>
1986	4,248.04	5.82	5.23	8.84
1987	4,933.93	5.01	5.08	5.23
1988	5,134.52	5.41	5.31	4.73
1989	5,407.11	5.40	4.80	4.92
1990	5,814.85	5.24	5.37	4.74
1991	6,143.23	5.12	6.01	5.44
1992	6,419.98	6.14	6.79	6.44
1993	6,578.18	6.00	5.99	5.28
1994	6,800.82	5.82	6.41	5.83
1995	7,554.79	5.62	5.41	5.75

**Table B-2**  
**APPROPRIATED DEBT SERVICE**  
**AS A PERCENT OF AVAILABLE REVENUE**  
**(Budget Basis)**  
**(000,000)**

<b><u>Fiscal</u></b> <b><u>Year</u></b>	<b><u>Total</u></b> <b><u>Revenue (\$)</u></b>	<b><u>Required</u></b> <b><u>Debt</u></b> <b><u>Service/</u></b> <b><u>Revenue (%)</u></b>	<b><u>Appropriated</u></b> <b><u>Debt Service/</u></b> <b><u>Revenue (%)</u></b>	<b><u>Actual Debt</u></b> <b><u>Service/</u></b> <b><u>Revenue (%)</u></b>
1985	2,909.74	8.04	6.62	5.43
1986	3,106.38	7.96	7.15	12.09
1987	3,363.50	7.36	7.45	7.67
1988	3,484.01	7.97	7.83	6.97
1989	3,831.16	7.62	6.78	6.94
1990	4,143.64	7.35	7.54	6.65
1991	4,889.69	6.44	7.55	6.84
1992	4,956.73	7.96	8.80	8.34
1993	5,131.53	7.69	7.68	6.77
1994	5,298.89	7.47	8.23	7.48
1995	5,837.56	7.27	7.00	7.45

**Table B-3**  
**ROAD FUND DEBT SERVICE**  
**AS A PERCENT OF REVENUE**  
**(000,000)**

<b><u>Fiscal</u></b> <b><u>Year</u></b>	<b><u>Available</u></b> <b><u>Revenue (\$)</u></b>	<b><u>as a Percent</u></b> <b><u>Debt</u></b> <b><u>Service (\$)</u></b>	<b><u>Debt Service</u></b> <b><u>of Available</u></b> <b><u>Revenue</u></b>
1980	557.63	104.59	18.76
1981	543.79	112.97	20.77
1982	514.40	112.50	21.87
1983	526.85	113.97	21.63
1984	574.20	112.89	19.66
1985	399.62	137.14	34.32
1986	401.98	134.90	33.56
1987	510.23	130.03	25.48
1988	469.32	134.67	28.69
1989	556.90	126.13	22.65
1990	581.46	129.11	22.20
1991	597.15	163.70	27.41
1992	616.06	156.44	25.39
1993	640.67	147.46	23.02
1994	680.46	151.60	22.28
1995	710.64	145.69	20.50
1996*	732.12	150.29	20.53
1997*	751.43	166.75	22.19
1998*	777.53	157.91	20.31

\*Estimated based on the January 10, 1996 official estimates for the Road Fund less proportional revenue sharing and dedicated funds. These estimates are based on debt issued as of 5-1-96.

## ***Appendix C***

### ***Market Indicators***

The following table shows the arbitrage yield (IRS TIC) and the comparative Bond Buyer 20 General Obligation Bond Index for appropriation supported and non-appropriation supported bond issues sold in the last two years. The bonds sold on a negotiated/competitive basis are revenue bonds.

	<b>Arbitrage TIC</b>	<b>Bond Buyer Index</b>	<b>Size</b>	<b>Term</b>
Kentucky Housing Corporation Sep-93				
1993 Multi-Family Series B	5.42%	5.44%	\$ 6,750,000	28 years
1993 Series B	5.08%	5.51%	\$ 250,700,000	21 years
State Property & Buildings Commission Oct-93				
Project 55	4.84%	5.27%	\$ 414,040,000	20 years
Kentucky Housing Corporation Apr-94				
1994 Series A	6.21%	6.55%	\$ 17,985,000	22 years
1994 Series B	6.21%	6.55%	\$ 7,015,000	26 years
State Property & Buildings Commission Jul-94				
Project 56	5.92%	6.22%	\$ 59,300,000	20 years
Kentucky Housing Corporation Oct-94				
1994 Series C	6.20%	6.51%	\$ 43,540,000	23 years
1994 Series D	6.20%	6.51%	\$ 13,145,000	28 years
1994 Series E	3.46%	6.51%	\$ 1,300,000	23 years
Student Loan Corporation Nov-94				
1994 Series A	6.00%	7.06%	\$ 15,555,000	8 years
1994 Series B	6.28%	7.06%	\$ 14,845,000	8 years
Kentucky Infrastructure Authority Jan-95				
Govt. Agencies Series G	6.35%	6.44%	\$ 6,450,000	20 years
Revolving Fund Series J	6.40%	6.44%	\$ 11,575,000	19 years
Revolving Fund Series K (taxable)	8.75%	6.44%	\$ 2,755,000	19 years
Kentucky Housing Corporation Mar-95				
1995 Series A	6.43%	6.34%	\$ 8,065,000	15 years
1995 Series B	6.43%	6.34%	\$ 20,800,000	31 years
1995 Series C	NA	6.34%	\$ 12,000,000	10 years

	<b>Arbitrage TIC</b>	<b>Bond Buyer Index</b>	<b>Size</b>	<b>Term</b>
Kentucky Infrastructure Authority Apr-95				
Govt. Agencies Series H	5.73%	6.70%	\$ 19,810,000	19 years
Waste Water Series C	5.62%	6.70%	\$ 5,070,000	14 years
Turnpike Authority of Kentucky May-95				
Series 1995 Economic Development	5.57%	5.84%	\$ 237,890,000	20 years
State Property & Buildings Commission Aug-95				
Project 57	5.26%	6.07%	\$ 39,900,000	20 years
Project 58	NA	6.07%	\$ 7,625,000	12 years
Kentucky Housing Corporation Sep-95				
1995 Series F	5.88%	6.09%	\$ 6,365,000	22 years
1995 Series G	5.88%	6.09%	\$ 18,635,000	32 years
Kentucky Infrastructure Authority Sep-95				
1995 Waste Water Series D	5.46%	5.83%	\$ 15,455,000	20 years
1995 Solid Waste Series C	5.58%	5.83%	\$ 2,175,000	20 years
1995 Solid Waste Series D (taxable)	6.65%	5.83%	\$ 920,000	7 years
Student Loan Corporation Nov-95				
1995 Series A	4.68%	5.65%	\$ 12,230,000	7 years
1995 Series B	5.14%	5.65%	\$ 750,000	8 years
1995 Series C	5.45%	5.65%	\$ 3,000,000	8 years
State Property & Buildings Commission Dec-95				
Project 59	5.24%	5.65%	\$ 261,250,000	20 years
Kentucky Housing Corporation Dec-95				
1995 Series E	5.48%	5.65%	\$ 7,000,000	29 years
1995 Series H	5.72%	5.65%	\$ 1,560,000	20 years
1995 Series I	5.72%	5.65%	\$ 30,490,000	30 years



**Appendix D**  
**New Debt Requested**  
**FY97 - FY98**

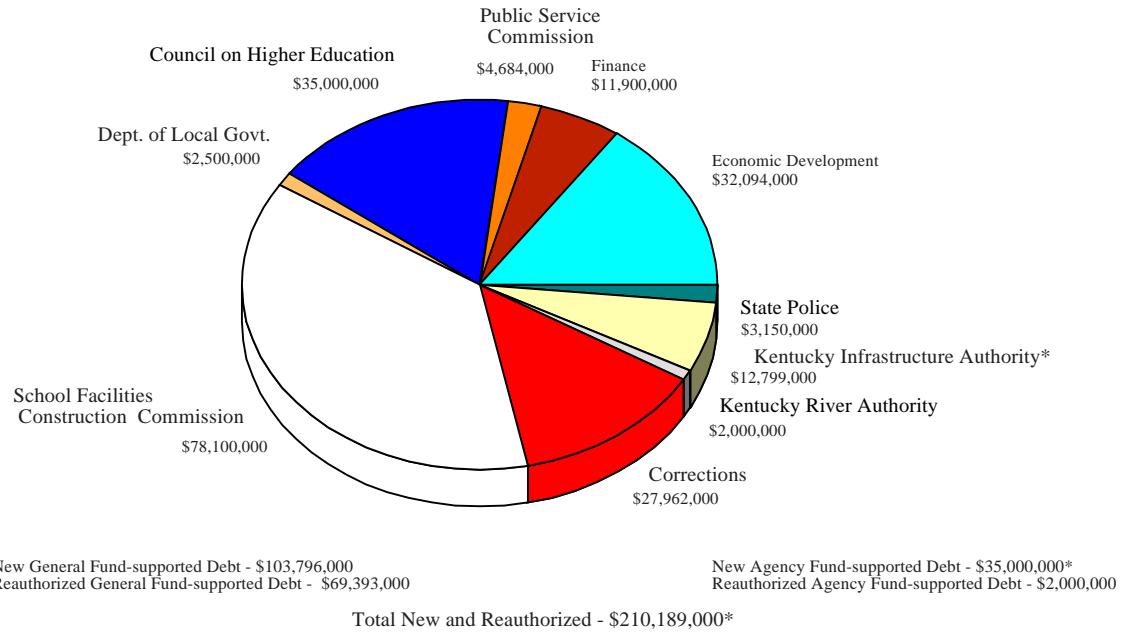
**New Debt Recommended**  
**Investment Category**

	<u><b>Project Title</b></u>	<u><b>FY 97</b></u>	<u><b>FY 98</b></u>
<b>EDUCATION</b>			
SFCC	School Facilities Construction	\$ 20,100,000	\$ 30,000,000
Higher Education	Agency Funded Bond Pool	\$ 35,000,000	
<b>TOTAL</b>		<b>\$ 55,100,000</b>	<b>\$ 30,000,000</b>
<b>CORRECTIONS/JUSTICE</b>			
Corrections	GRCC/New 314-Bed Dorm	\$ 7,960,000	
Corrections	RCC/New 150-Bed Dorm	\$	5,702,000
Corrections	KRS/Replacement of Unit E	\$ 8,800,000	
Corrections	200 Bed Boot Camp	\$ 5,500,000	
Justice	LINK Replacement	\$ 3,150,000	
<b>TOTAL</b>		<b>\$ 31,112,000</b>	
<b>ECONOMIC DEVELOPMENT</b>			
Economic Development	ED Bond Pool	\$ 6,000,000	
<b>TOTAL</b>		<b>\$ 6,000,000</b>	
<b>OTHER</b>			
Finance	New State Office Building	\$ 11,900,000	
Public Service Commission	New Building	\$	4,684,000
<b>TOTAL</b>		<b>\$ 16,584,000</b>	
<b>GRAND TOTAL*</b>		<b>\$ 108,796,000</b>	<b>\$ 30,000,000</b>

\*Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA Leveraging). Pursuant to KRS 56.870(3), legislative authorization is required when revolving fund payments are used to support bonds.

# 1996-98 Enacted Budget of the Commonwealth

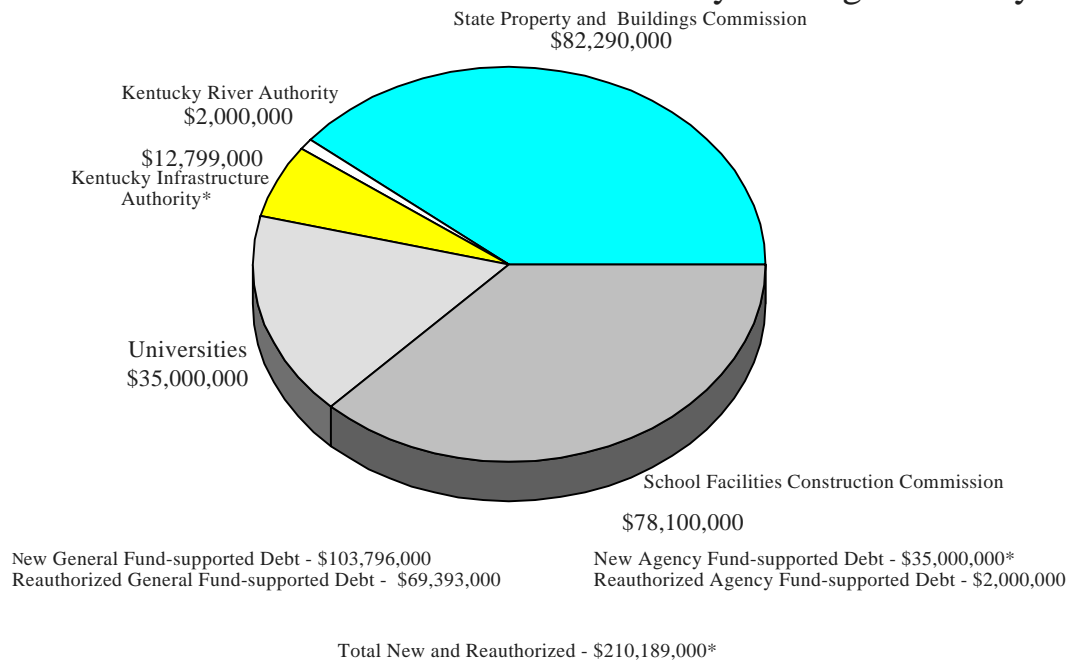
## Total Biennial Debt Authorization by Agency



\*Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA Leveraging). Pursuant to KRS 56.870(3), legislative authorization is required when revolving fund repayments are used to support bonds.

# 1996-98 Enacted Budget of the Commonwealth

## Total Biennial Debt Authorization by Issuing Authority



\*Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA Leveraging). Pursuant to KRS 56.870(3), legislative authorization is required when revolving fund repayments are used to support bonds.

STATE OF THE COMMONWEALTH/  
BUDGET ADDRESS  
GOVERNOR PAUL PATTON  
JANUARY 25, 1996

President Rose, Speaker Richards, and members of the General Assembly; Chief Justice Stephens and members of the judiciary, Lieutenant Governor Henry and other constitutional officers, distinguished guests, fellow Kentuckians: I come before you to report on the state of our great Commonwealth and offer to you a fiscal plan for the next two years that will best serve our people.

I compliment the General Assembly and past governors for your courageous actions in recent years to make our state government more progressive.

You've enacted legislation to improve education, grow our economy, raise the standards of ethical conduct of public officials, reduce the influence of big money on our elections, and strengthen laws protecting the most vulnerable in our society.

Compared to the rest of the nation, our economy is strong, our tax burden low, our state government financially sound, our environment clean, our crime rate low, and our commitment to education real.

But tonight, we stand at the threshold of a new era.

It's an era of great change and great opportunity.

Shortly after I took office, I received a letter from Kentucky's Historian Laureate, Dr. Thomas Clark.

In his letter, Dr. Clark reminded me of the awesome responsibility I had assumed and the need to be guided by the lessons of history.

Dr. Clark wrote "this is an age which cries out for leadership at all governmental levels."

"Kentucky has enormous potentials, but it must have the dream and the leadership to realize them."

I've accepted that admonition in the spirit it was sent and I'm determined to lead this state with a sense of history and an eye to the future.

We can learn from our history.

If we were to go back 150 or 200 years, we'd find a very progressive Kentucky, a leader in the heartland of a vibrant and growing nation.

With Louisville as the transportation hub of the midwest, Lexington the seat of education excellence, Bardstown the center of religious leadership, Danville the home of pioneering medicine, and commerce, industry and agriculture flourishing all over the state, we had the opportunity to provide our people with a quality of life unexcelled in interior America.

There's no reason in the world why this state can't regain that status in this nation and the world as we move into the 21st Century.

I believe we're off to a good start.

Because as gridlock grips our nation's capitol, we here in Kentucky have unlocked a new spirit of cooperation.

I've tried in my first days as Governor to reach out to all Kentuckians, crossing the lines of race, gender and political party to bring together the best and brightest to solve the complex problems we face and lead this Commonwealth into the next millennium.

But if we're to realize the full potential of this state and its people and enjoy the prosperity that can be brought about through the application of modern science and technology, we must accept the fact that there are some basics, like education, infrastructure, and protecting the environment that we as a people must do through government.

For example, through government we've developed education systems to prepare our people to be productive in a changed economy.

Through government we've developed partnerships with businesses to grow our economy.

Through government, we've developed a plan to improve the practices of agriculture and reduce its impact on the environment.

Through government we've stopped the ravaging of our land by regulating mining and oil and gas extraction.

But we must be careful about over regulation.

It can stymie industry and commerce and cost all of us money and jobs.

In fact we need to reevaluate all our regulatory policies and insure that we're not regulating the problems of the 60's and killing the opportunities which exist in the 90's and beyond.

We, as a people, have understood that business is the source of economic prosperity and we've maintained a relatively friendly environment for commerce and industry.

I challenge those who complain that we have an onerous business tax climate in Kentucky.

The recent study of the tax structure of Kentucky and surrounding states showed Kentucky had the 6th lowest overall business tax burden measured in 16 key industries.

The area of personal taxation is another matter.

In that same tax study, Kentucky ranked second in individual income tax burden.

And from 2nd to 6th in overall household personal tax burden, depending on income level.

I'm not proposing that we become the lowest state in individual taxation, but I am proposing that we not be so close to number one.

It was one year ago that you in this joint body dealt with two other unfair personal taxes, the inheritance tax, and the private pension tax, and you did it in a fiscally responsible manner.

You downsized those taxes over a 4 year period.

This allowed the loss in revenue to be replaced by growth revenue and didn't require the cutting of existing services to our citizens.

I propose that we apply that same philosophy to the individual income tax and the provider tax on physicians.

After July of this year, the provider tax on physicians should be reduced by  $\frac{1}{2}$  of one percent each year so that three years from now, the tax will be completely removed from these healers who we must have, and whose services we will gradually lost unless we treat them fairly.

I further propose that the standard deduction allowed on the Kentucky individual income tax be increased over a four year period from the current \$650, to \$1700 beginning January 1, 1999.

After that it should be indexed to inflation so this basic deduction will never again become unfair because of rising costs and wages.

This will provide needed tax relief to more than half of Kentucky's taxpayers.

We can absorb these tax cuts without taking existing services from deserving citizens.

But I must warn you that to cut any more taxes, or to accelerate the implementation of either of these tax equity measures, will cause some Kentuckians to suffer a loss of service.

My budget, which I'll discuss shortly, is very tight, and cannot, without pain, be cut any further.

The Governor's Office for Policy and Management has projected that during the next three years, as our revenue streams absorb these four tax cuts, there will be not new money to begin new programs unless we cut the cost of existing services.

Now I don't want to cut services but I'm also unwilling to wait three years before we start providing our people with more and better services.

I'll be proposing a rational and measured program to reduce the cost of state government without cutting services.

And I'll work to increase state revenue by keeping jobs and creating jobs.

One way we've been able to do that is through tax credits to new and existing businesses and industry.

This investment has enabled the state to keep or create thousands of new jobs for our people, 46,400 at last count.

Many of those new jobs will require a high level of education, the kind of education already attained by many Kentuckians but an education still unattained by many others.

The Kentucky Education Reform Act, though not perfect, is still the most progressive legislation enacted in Kentucky during my lifetime.

Many in this audience can take substantial credit for that success.

I'm committed to working with you to improve it, and stand by you to defend it.

Yes, there're a lot of things we've done right in Kentucky and the results are beginning to show in hard statistics.

Our unemployment rate has been below the national average for 46 consecutive months.

Our welfare roles are down 22.9% and 400,000 more Kentuckians are working today than there were 10 years ago.

Kentucky ranks 4th in manufacturing job growth in the 90's.

Our per capita income is among the fastest rising in the nation, up 29 percent in the past five years.

We're ranked seventh in new capital investment, fourth in new industrial facilities and third in new jobs created during the past three years.

This admirable economic growth has resulted in substantial growth in state revenue, which contributes to the unprecedented surplus cash balance in the state treasury.

This surplus, and especially the \$200 million in the budget reserve trust fund, has earned us an outstanding bond credit rating.

Only thirteen states have a better rating.

We've earned the ranking of the seventh best financially managed state in the union.

So why have I been talking about a continuation budget?

The non-recurring increase in state revenue in fiscal year 1994-95 of 10.9% has created a situation where, notwithstanding the cash in the bank, we've appropriated from the General Fund, substantially more than we expect to receive in General Fund revenue during the current fiscal year.

We could continue this practice for another two or three years, but to do so would undo all the good we've done by being frugal in the past.

We should never plan to spend in any year more on ongoing obligations that we expect to receive in sustainable revenue.

I'll never present you a budget that does that and I trust you will never pass one.

We've worked hard to put the budget together that I present to you tonight.

I pause to thank Dr. Jim Ramsey and his staff for the outstanding job and dedicated service they've given to me and the people of Kentucky.

They're prime examples of the thousands of talented and committed state employees who labor in obscurity to make this government work.

We in the spotlight must never forget not take for granted their service and their vital role in helping us do the job we were elected to do.

On taking office, my first instruction to the Governor's Office for Policy and Management was to project the financial condition of the state for the next four years.

That projection showed we would run a structural deficit for each of the next three years and finally break even in the fourth year.

We would have spent all the surplus balance and almost half the budget reserve trust fund.

That's unacceptable to me and I hope unacceptable to the General Assembly.

After this initial review of the budget we began a detailed review of current year appropriations and expected expenditures.

I'm pleased to report that we've identified \$83 million of appropriations that we can save and I expect to save an additional \$15 million in other unnecessary expenses.

At the end of this fiscal year, we'll have an estimated \$205 million in cash, over and above the \$200 million already in the budget reserve trust fund.

Of course any revenue estimate is just that, an estimate, and could vary \$30 million either way, so we'll have from \$175 million to \$235 million in non-recurring surplus.

We cannot, under any circumstances commit that money to ongoing obligations.

To do so would invite disaster a few years down the road.

It's appropriate however, to invest that money.

Even with these reductions in the expenditure of current year appropriations, we're spending almost all of our current year revenue, but at least we will have this year's budget structurally balanced.

Assuming current economic growth continues, we'll have new, unobligated growth revenue of about \$20 to \$30 million each year of the foreseeable future.

We can obligate this growth revenue to new programs or to tax cuts for our people.



I propose, and my budget reflects the allocation of the new money to the phasing-in of the tax cuts for doctors and working people will absorb virtually all the growth revenue.

I believe that's the fair thing to do and I'm asking the General Assembly to concur in this action.

But I'm unwilling to go three years without implementing the new or expanded programs I've talked about over the past year.

Now let me explain to you the budget which I propose for the next 2 fiscal years.

First there are considerable uncertainties about the federal budget, upon which we are very dependent.

That could change our budget situation next week, next month, or any time during the next year.

Should these changes not become apparent until after the General Assembly adjourns, we'll do our best to complete the next year before calling you back into special session.

We will, no doubt, need to address the fiscal 1998 budget in special session, perhaps about this time next year, not only to adjust for changes in the federal budget, but also to address the changes we anticipate in the structure of state government and to appropriate the savings I expect to be realized from the restructuring.

In view of the fact that these tax cuts and the ongoing expenses necessary to sustain programs and obligations already assumed by state government will consume all of the projected revenue, I'm proposing, for all practical purposes a continuation budget for the next 2 fiscal years.

That means, with one exception, there are not new programs funded nor are any existing programs cut or expanded in this budget beyond that required by law or existing agreements.

The one exception is the funding of an engineering program to be offered cooperatively by the University of Kentucky and Murray State University in a new building on the campus of Paducah Community College built with funds donated by the citizens and businesses of that area of the state.

This controversial proposal, which has divided the Purchase Area and the General Assembly, has been agreed to by all parties directly involved.

I believe the ongoing cost of \$1.3 million in fiscal year 1998 is a good investment for the Commonwealth.

It's also an appropriate response to settle a difficult controversy which has gone on too long, and caused too much disharmony here and in the Purchase.

The central focus of our budget will be the security and safety of our people, the education of our children and the growth of our economy.

As a government our first responsibility is to protect the life and property of our citizens and one way to do that is to remove violent and repeat offenders from society through incarceration.

We intend to pursue that course and we're funding the increased prison space necessary to achieve our goals, 2000 new prison beds over the biennium.

This will require an increase in the Corrections budget of 9.3%, but this will afford our people the protection and peace of mind they deserve which is well worth the price we will pay.

Let no criminal ever think they can endanger our people and avoid the penalty because we don't have the will to build the prisons to house them.

If they violate our laws, we will take their freedom and if they do it again, we'll treat them even more severely.

The same goes for juveniles who violate our laws.

In this budget we'll fund the Consent Decree entered into by the Commonwealth last fall, and insure that juvenile lawbreakers in our custody will be treated legally, fairly, and humanely.

We'll also let them know they're in custody because they've violated the law.

All residential treatment facilities will be operated by a new Department of Juvenile Detention within the Justice Cabinet.

There, juveniles will be assigned to appropriate facilities operated to insure that their treatment program is appropriate to their age, maturity, psychological condition and the seriousness of their crime.

Our budget will continue to meet the basic social needs of our people.

It will match all Medicaid funds anticipated to be available from the federal government if the capped entitlement program as proposed by President Clinton is enacted.

It will also hold the increase of these program to 4%, the same as revenue growth.

I am also committed to improving and increasing funding for higher education.

This budget insures that higher education gets its full share of revenue growth.

This 4% increase will be distributed according to the recommendations of the Council on Higher Education.

This results in at least a 3.2% increase for each of our 8 universities and a 9.5% increase for community colleges.

This increase is not enough to suit me, but it's substantially better than they've experienced over the past few years.

Our technical schools, a very important part of our higher education system, will receive a 7 percent increase in funding.

With that they can continue to prepare our working people to operate and maintain the increasingly complex machines, business systems, and technical processes that will make our economy grow.

Our elementary and secondary schools will receive their full share of the 4% revenue growth and I've also included an extra \$33 million to fund the larger portion of a 2.6% cost of living raise I believe all our teachers should be guaranteed.

People are the most important element of any enterprise and that's especially true when it comes to our teachers.

Most teachers in Kentucky receive annual increments because of their increased experience and education as they move through the accepted step and rank career development process.

All too often, these earned raises are less than the increase in cost of living.

If we're going to continue to attract good people into the teaching profession, we must develop an effective and continuing program of assuring these professionals that they'll not lose the purchasing power of their wages through inflation and that they'll receive real raises as they acquire experience and improve their skills.

The same goes for state workers.

State law mandates an annual 5% raise for state employees and our budget funds that increase.

State employees, like teachers, must be assured they they'll receive real wage increases as they gain experience and improve their skill and productivity.

They must also be protected from loss of purchasing power because of inflation.

This 5% raise on average probably compensates for all those factors.

Within the next year I expect to propose a revision of the pay scale program for state workers that will account for cost of living increase, experience, skill development and wage equity.

Another area where we are committed to continuing progress is economic development.

While I can't increase the rate at which we can fully fund the coal severance tax appropriation to the Local Government Economic Development Fund, beyond the 3 percent per year of the past 4 years, I will continue to promote this program and plan for the future and build the infrastructure which is vital to economic growth in any place in the state but is missing from most of the coal fields.

As successful as our tax increment financing programs have been in developing new and expanded industries, we must still do more to help existing industries and promote entrepreneurship.

Therefore I'm proposing a new tax incentive program to share half the cost of skills upgrade training.

The training is designed to develop higher productivity and produce higher wages for our existing employees who've worked at least 1 year for companies which have been in Kentucky for at least 3 years.

To promote entrepreneurship I'm proposing the establishment of the Kentucky Investment Fund, a unique approach to government assistance in the development of venture capital organizations.

Unfortunately Kentucky lags far behind most other states in domestic venture capital companies.

The Kentucky Investment Fund is designed to induce the investment of \$50 million in small businesses in Kentucky by granting \$20 million in tax credits by the year 2002.

Neither of these programs is expected to have a measurable effect on revenue in the current biennium but I expect both to provide positive revenue growth in the future.

Now, what do we do with the unobligated cash surplus?

I believe we can continue to invest it in basic infrastructure.

I propose that a portion of the surplus be appropriated to fund 20 life safety projects in the amount of \$27 million recommended by the Capital Planning Advisory Board.

I then propose that one-half of the surplus be appropriated to finance 25 projects, distributed all over the state.

These projects include juvenile detention centers, higher education classroom facilities and will fund the construction of 12 parks projects authorized for design by the 1995 extraordinary session of the General Assembly.

These projects will be funded in the priority order listed in the budget.

The other half of the surplus will fund our new initiative to empower our workers with efficient resources.

This new program, called *EMPOWER*, will fund new business systems designed to reduce the cost of operating state government through technology, emulating the techniques proven to be effective in private businesses, using computers, state of the art software, new communication systems and employee training.

By rethinking and redesigning the way government services are delivered, we intend to free up money now committed to the operation of state government while continuing to deliver the same services better.

I intend to come back to you in about a year and show you the results of this program and ask you to appropriate the funds saved to needed programs like juvenile treatment and higher education.

Meanwhile I've begun a series of meetings with the leadership of our various systems of higher education.

I'm challenging them to come up with new systems and non-traditional strategies that will enable them to educate more people for less.

Private industry has done it, state government is going to do it, and if higher education expects to get more funding, they too must be willing to change.

They need to work closer together, share resources, and forget the turf battles.

We need a governing structure which insures that these things happen.

We'll propose new laws to pierce the veil of secrecy surrounding juveniles convicted of certain serious crimes.

We'll address the issues of mine safety, workers' compensation, Medicaid and domestic violence.

And right now, we're revisiting the issue of health care.

As well intended as the health care reforms embodied in House Bill 250 might be, the program has major problems.

Insurance rates have skyrocketed for some people, while creating only modest savings for others.

The government bureaucracy set up to administer this program has not functioned as it should.

People are upset at having long standing benefits and programs changed for reasons they don't understand.

Since mid November, under the leadership of Lt. Governor Henry, we've been monitoring the implementation of House Bill 250.

Since the Legislature has been in session, a scant 3 weeks, the crisis has intensified.

One week ago, I began a series of meetings with the bipartisan leadership of both houses of the General Assembly.

The meetings we've had so far have been positive and productive, as we deal with one of the most difficult and important issues to face this session.

As much as we might differ on a variety of issues, I urge all of us to put aside our differences, and negotiate in good faith a reasonable compromise.

If we are to provide our people with quality health care at anywhere close to an affordable price, we must have doctors and nurses, hospitals and pharmacies, insurance companies and HMO's and government all working together.

Because in the end, it's the people we're serving and it's the people who must come first.

That's my commitment and I know it's yours too.

Yes, in many ways the state of the Commonwealth is good, but we must not rest.

Much work still needs to be done, and we're assembled here to right the things that are wrong.

That will always be our goal.

No matter how far we may travel, no matter how much progress we make, no matter how far up that mountain we have climbed, we have not, nor will we ever reach the summit, the point at which we can go no further.

Our struggle is continuous, our energy boundless, our determination unaltered, and our potential unlimited.

It's with pleasure and anticipation that I join you in this adventure as we approach the new century.

And it's with confidence I predict our future success.

The people of Kentucky expect no less, they will accept no less and together we will deliver no less.

Again, I thank you for the opportunity to share with you my goals for Kentucky and I look forward to working with you to make Kentucky the best it can be.

Thank you, good night, and God bless Kentucky.

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Currently, **House Bills** are only available in electronic form through **The Kentucky Legislature Home Page**. You will find a link to this site under **Related Sites**.